



SHEMAROO ENTERTAINMENT LIMITED

ANNUAL REPORT - 2013-14



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CORPORATE INFORMATION REPORT

BOARD OF DIRECTORS

| | | |
|---------------------------|---------------|---|
| Shri Buddhichand H. Maroo | DIN:00169319 | Chairman |
| Shri Raman H. Maroo | DIN:00169152 | Managing Director |
| Shri Atul H. Maru | DIN:00169264 | Jt. Managing Director |
| Shri Hiren U. Gada | DIN:01108194 | Whole Time Director & Chief Financial Officer |
| Shri Jai B. Maroo | DIN:00169399 | Non-Executive Director |
| Shri Gnanesh Gala | DIN:00093008 | Independent Director |
| Shri Kirit Gala | DIN:01540274 | Independent Director |
| Shri Jayesh Parekh | DIN:01353278 | Independent Director |
| Shri Shashidhar Sinha | DIN:00953796 | Independent Director |
| Shri VasANJI Mamania | DIN: 00013071 | Independent Director |

COMPANY SECRETARY & COMPLIANCE OFFICER

Shri Ankit Singh

STATUTORY AUDITORS

M. K. Dandekar & Co.

INTERNAL AUDITORS

Mahajan & Aibara

BANKERS

Bank of India
The Shamrao Vithal Co-Op. Bank Limited
NKGSB Co-Op. Bank Limited
Export Import Bank of India
HDFC Bank Limited
Deutsche Bank A.G.

REGISTERED OFFICE

Shemaroo House, Plot No. 18,
Marol Co-Op. Indl. Estate, Off Andheri-Kurla Road,
Andheri (East), Mumbai -400 059

CORPORATE IDENTITY NUMBER

U67190MH2005PLC158288

WEBSITE

www.shemarooent.com



NOTICE

Notice is hereby given that the Nineth Annual General Meeting (AGM) of the Members of Shemaroo Entertainment Limited, will be held on Tuesday, the 05th day of August, 2014 at 11.00 A.M. at the Registered Office of the Company at Shemaroo House, Plot No. 18, Marol Co-Op. Industrial Estate, Off Andheri Kurla Road, Andheri (East), Mumbai-400 059 to transact the following businesses:

ORDINARY BUSINESS

Item No. 1 – Adoption of Financial Statements

To receive, consider and adopt the audited Balance Sheet for the year ended 31st March, 2014, the Statement of Profit and Loss for the year ended as on that date and the reports of the Board of Directors and the Auditors thereon.

Item No. 2 – Declaration of Dividend

To declare a dividend of ₹ 0.50 per equity share of face value of ₹10 each for the financial year 2013-2014.

Item No. 3 – Appointment of Director

To appoint a Director in place of Mr. Raman Hirji Maroo (holding DIN: 00169152), Managing Director, who retires by rotation at the ensuing AGM, and being eligible, seeks re-appointment.

Item No. 4 – Appointment of Auditors

To re-appoint Statutory Auditors for a term of two consecutive years upto the conclusion of the 11th AGM to be held in the year 2016 (subject to ratification of the appointment by the members at every AGM held after this ensuing AGM) and to fix their remuneration and to pass the following resolution thereof:

“Resolved that, pursuant to the provisions of Section 139 of the Companies Act, 2013 and the Rules made thereunder, and pursuant to the recommendations of the audit committee of the Board, M/s M. K. Dandekar & Co., Chartered Accountants (Firm registration no. 000679S), be and is hereby re-appointed as the Statutory Auditors of the Company for a term of two consecutive years and to hold office, from the conclusion of the ensuing AGM, upto the conclusion of the 11th AGM to be held in the year 2016 (subject to ratification of the appointment by the members at every AGM held after the ensuing AGM) and the Board be and is hereby authorized to fix such remuneration as may be determined by the Audit Committee in consultation with the Statutory Auditors.”

By order of the Board of Directors,
For Shemaroo Entertainment Limited

Shemaroo House, Plot No. 18,
Marol Co-Op. Industrial Estate,
Off Andheri Kurla Road,
Andheri (East), Mumbai- 400 059.

Ankit Singh
Company Secretary

May 29, 2014
Mumbai

NOTES:

1. There being no Special Business, Explanatory Statement pursuant to section 102 (1) of the Companies Act, 2013 is not annexed to this notice.
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE ON POLL INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. IN ORDER TO BE EFFECTIVE, THE INSTRUMENT APPOINTING THE PROXY, DULY COMPLETED MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE ANNUAL GENERAL MEETING. A PROXY FORM IS ANNEXED TO THIS NOTICE.
3. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged at any time during the business hours of the Company, provided that not less than three days of notice in writing is given to the Company.
4. Members/Proxies are requested to bring the Admission Slip annexed herewith along with their copies of Annual Report.
5. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the members at the AGM.
6. The Register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the members at the AGM.
7. All documents referred to in the accompanying notice are available for inspection at the Registered Office of the Company on all working days except Saturdays, between 11:00 A.M. to 1:00 P.M. up to the date of Meeting.
8. Subject to the provisions of the Companies Act, 2013, the Dividend as recommended by the Board of Directors, if declared at the ensuing AGM, will be paid within 30 (thirty) days from the date of declaration, to those persons :
 - whose names appear as Beneficial Owners as on the close of business hours on the Record Date, i.e. August 4, 2014 in the list of Beneficial Owners to be furnished by the Depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), in respect of shares held in electronic/ dematerialized mode.
 - whose names appear as Members in the Register of Members of the Company as on the close of business hours on the Record Date, i.e. August 4, 2014 after giving effect to valid share transfers in physical forms lodged with the Company in respect of the shares held in physical mode.
9. Members whose shareholding is in the electronic mode are requested to direct change of address notifications and updates of savings bank account details to their respective Depository Participant(s). Members are encouraged to utilize the Electronic Clearing System (ECS) for receiving dividends.
10. Members wishing to claim dividends, which remain unclaimed, are requested to correspond with Ankit Singh, Company Secretary and Compliance Officer, at the Company's registered office. Members are requested to note that dividends not claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will, as per Section 124 of the Companies Act, 2013 (Section 205A of the erstwhile Companies Act, 1956), be transferred to the Investor Education and Protection Fund.
11. The Company is concerned about the environment and utilizes natural resources in a sustainable way. We request you to update your email address with your Depository Participant to enable us to send you any further communications via email.
12. Members who require communication in physical form in addition to e-communication, or have any other queries, may write to us at : 'investors_services@shemaroo.com'
13. Pursuant to Section 101 and Section 136 of the Companies Act, 2013 read with relevant Rules made thereunder, Companies can serve copies of the Annual Report 2014 and other communications through electronic mode to all the members whose email addresses are registered with the Company / Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email addresses, physical copies of the Annual Report 2014 are being sent by the permitted mode.
14. Corporate members are requested to send in advance duly certified copy of the Board resolution/Power of Attorney authorizing their representative to attend and vote at the annual general meeting.
15. In accordance with Section 109A of the Companies Act, 1956, shareholders are entitled to make nomination in respect of shares held by them. Shareholders desirous of making nominations are requested to send their requests in prescribed Form 2B. The duly filled in Form 2B duly signed should be sent to the Registered Office for registration.
16. Brief details regarding the persons proposed to be appointed as Director is given in the annexure attached to the Notice.

By order of the Board of Directors,
For Shemaroo Entertainment Limited

Shemaroo House, Plot No. 18,
Marol Co-Op. Industrial Estate,
Off Andheri Kurla Road,
Andheri (East), Mumbai- 400 059.

Ankit Singh
Company Secretary

May 29, 2014
Mumbai



ANNEXURE TO THE NOTICE

BRIEF PROFILE AND OTHER DIRECTORSHIPS OF DIRECTOR SEEKING RE-APPOINTMENT AT THE ENSUING AGM:

Item No. 3 of the Notice:

| | | |
|--|--|---|
| Particulars | Mr Raman Hirji Maroo | |
| Date of Birth | December 6, 1950 | |
| Date of Appointment | Since Incorporation i.e. December 23, 2005 | |
| Qualifications | He has completed his higher secondary studies from Mumbai. | |
| Expertise in specific functional areas. | He has been associated with the Group since 1974 and our Company since Incorporation. Mr. Raman Maroo has approximately 40 years of business experience, out of which, he has been associated with the media and entertainment industry for approximately 31 years. He has been instrumental in our Group's expansion into television rights syndication as well as transformation of Shemaroo into a content house. He has led our Company's growth for many years. He has valuable relationships with various key players within the Indian entertainment industry, including film producers, television broadcasters, amongst others. He is a Director on the Board of several companies. He has received the 'Girnar Award' from Bruhad Mumbai Gujarati Samaj for outstanding contribution in the field of Entertainment in November 2000. He was a Director on the Board of Multi Screen Media Private Limited, the owners of Sony Entertainment Television network of television channels, since 1997. | |
| Memberships/ Chairmanships of committees in our Company | He is the Chairman of Executive Committee and Initial Public Offer (IPO) Committee in our Company. | |
| Directorships held in other Companies | <ol style="list-style-type: none"> 1. Atlas Equifin Private Limited 2. Shemaroo Films Private Limited; 3. Mitoch Pharma Private Limited; 4. Novatech Finvest (India) Private Limited; 5. Orbit Corporation Limited; 6. Shemaroo Holdings Private Limited; 7. Namaste America – Indo American Association for Art and Culture; 8. Malabar Hill Club Limited; 9. Talwalkars Better Value Fitness Limited; and 10. Think Walnut Digital Private Limited. | |
| Memberships/ Chairmanships of committees of other companies | Orbit Corporation Limited: | |
| | Chairman | Member |
| | 1. Audit Committee | Nomination/Human Resources & Remuneration Committee |
| | 2. Stakeholders Relationship Committee | |
| | Talwalkars Better Value Fitness Limited | |
| | Chairman | Member |
| | Corporate Social Responsibility Committee | Nil |
| Number of shares held in the Company | He holds 4,809,520 Equity Shares of ₹ 10/- each (24.23% of paid up capital) in the Company. | |

DIRECTORS' REPORT

Dear Members,

We are delighted to present the 9th Annual Report on our business and operations for the year ended March 31, 2014.

PERFORMANCE HIGHLIGHTS (Standalone):

(₹ In Lakhs)

| Review of Operations | Current year 2013-2014 | Previous year 2012-2013 |
|---|---------------------------|----------------------------|
| Income: | | |
| Sales & Services | 26,334 | 21,332 |
| Other Income | 134 | 135 |
| Total Income | 26,468 | 21,467 |
| Direct Operational Expenses | 21,668 | 17,615 |
| Changes in inventories of finished goods, work-in-progress and Stock-in-Trade | (5,154) | (4,955) |
| Employee benefit expense | 1,794 | 1,594 |
| Financial Costs | 1,923 | 1,831 |
| Depreciation and amortization expense | 296 | 298 |
| Other expenses | 1,512 | 1,340 |
| Total expenditure | 22,039 | 17,725 |
| Profit Before Taxation | 4,430 | 3,744 |
| Tax Expenses | | |
| Current Tax | 1,294 | 1,255 |
| Previous year | 11 | - |
| Deferred Tax | 340 | 21 |
| Profit After Taxation | 2,785 | 2,468 |
| Balance brought forward from previous years | 7,079 | 4,788 |
| Profit available for Appropriation | 9,863 | 7,257 |
| Less: Appropriations | | |
| General Reserve | (70) | (62) |
| Proposed Dividend | (99) | (99) |
| Dividend Distribution Tax | (17) | (17) |
| Balance carried to the Balance Sheet | 9,677 | 7,079 |

During the year under review, the Standalone Revenue from Operations & Other Income increased to ₹26,334 Lacs as against ₹21,332 Lacs in the previous year and the Consolidated Revenue from Operations & Other Income increased to ₹26,595 Lacs as compared to ₹21,609 Lacs in the previous year.

Your Company had a standalone growth with a Net Profit after tax of ₹2,784 Lacs as compared to the Net Profit after tax of ₹2,468 Lacs in the previous financial year and a consolidated growth with a Net Profit after tax of ₹2,716 Lacs as compared to the Net Profit after tax of ₹2,355 Lacs in the previous financial year.



Dividend

The Board is pleased to recommend an equity dividend of ₹0.50 per equity share of face value of ₹10 each for the year ended March 31, 2014.

The dividend is subject to the approval of members at the ensuing Annual General Meeting and shall be paid to the members whose names appear in the register of members as on the close of business hours on the Record date.

Total amount of cash outflow on account of dividend payment recommended for the current year, including dividend distribution tax, will be ₹116.11 Lacs.

Appropriations - Transfer to General Reserve

We propose to transfer ₹70 Lacs to the general reserve. An amount of ₹2,854 Lacs is proposed to be retained in the statement of profit and loss.

Directorate

Retirement by rotation:

In accordance with the provisions of the Companies Act, 2013, Mr. Raman Maroo, Managing Director of the Company, will retire at the ensuing Annual General Meeting and being eligible, seek reappointment.

The Board recommend his appointment. A brief resume of the aforesaid Director and other information have been detailed in the Notice and the Corporate Governance Report forming part of this Annual Report.

Re-appointments:

In accordance with the provisions of the Companies Act, 1956, the Company had appointed Mr. Jayesh Parekh, Mr. Vasanthi Mamania, Mr. Gnanesh Gala, Mr. Kirit Gala and Mr. Shashidhar Sinha as Independent Directors on the Board of our Company on August 29, 2011.

Pursuant to the provisions of section 149 of the Act and any other applicable provisions of the Companies Act, 2013 with respect to the Independent Directors which came in to effect from April 1, 2014, the Board of directors decided to adopt the provisions with respect to appointment and tenure of Independent Directors which is consistent with the provisions of the Companies Act, 2013 and the amended Listing Agreement (proposed to be entered).

Accordingly, the Board in its meeting dated April 26, 2014, subsequently approved by the shareholders in its meeting dated May 26, 2014, re-appointed Mr. Jayesh Parekh, Mr. Vasanthi Mamania, Mr. Gnanesh Gala, Mr. Kirit Gala and Mr. Shashidhar Sinha, as Independent Directors of the Company, whose term of office shall not be subject to retirement by rotation for a term of 5 (five) years up to May 25, 2019.

Chief Financial Officer (CFO):

Pursuant to the provisions of Section 203 of Companies Act, 2013, the Company was required to appoint a whole-time key managerial personnel as the Chief Financial Officer of the Company.

Accordingly, keeping in view the compliance of the provisions of the Companies Act, 2013, the Board appointed Mr. Hiren Gada, Whole-time Director of the Company, as the Chief Financial Officer of the Company, designated as 'Whole Time Director – Chief Financial Officer'.

Proposed Initial Public Offering of Equity Shares by the Company

Your Company has set to launch an Initial public offering of its equity shares and unlock its enterprise value and share its growth plan with the public. The proceeds from the issue would be utilised to fund working capital requirements and general corporate purposes. This event shall result into enhancement of the valuation of the Company and increase the capital. The Company has received the final observation letter from SEBI in this regards.

We believe that the proposed IPO shall be a milestone in the company's corporate history and shall ultimately help to enhance its all stakeholder's wealth.

Public Deposits:

The Company has accepted public deposits to the tune of ₹3350 lacs during the financial year under review in accordance with section 58A of the Companies Act, 1956 read with Companies (Acceptance of Deposits) Rules, 1975.

Shares

88.26% of the Company's paid-up Equity Share Capital has been dematerialised and the balance of 11.74% is in physical form as on March 31, 2014. The Company's Registrar's are Link Intime India Private Limited.

Auditors and Auditors' Report

M/s. M. K. Dandekar & Co., Chartered Accountants (Firm Registration No. 000679S), Statutory Auditors of the Company, holds office until the conclusion of the ensuing Annual General Meeting. In accordance with the provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, it is proposed to re-appoint the Statutory Auditors of the Company for a period of two consecutive years commencing from the conclusion of this forthcoming Annual General Meeting, until the conclusion of the 11th Annual General Meeting of the Company in the year 2016, subject to the ratification of their appointment at every subsequent Annual General Meetings.

The Report of Auditors read together with notes to accounts for the relevant financial year are self-explanatory and require no comments of the Board.

Subsidiary Companies

As on March 31, 2014 the company have 2 (two) foreign wholly owned subsidiary companies, namely, Shemaroo Entertainment INC (USA) and Shemaroo Entertainment (UK) Private Limited, and 1 (one) India wholly owned subsidiary company, Shemaroo Films Private Limited.

Pursuant to the approval granted by the Ministry of Corporate Affairs vide Circular No. 02/2011 dated February 08, 2011,

copies of the Balance Sheet, Profit and Loss Account, and Report of the Board of Directors and the Auditors of the Subsidiary Companies are not being attached to the Balance Sheet of the Company. The financial information of the subsidiary companies as required by the aforesaid circular is disclosed under the heading 'Financial Details of Subsidiary Companies' which forms part of the Annual Report.

The Company will make available hard copies of the Annual Accounts of the subsidiary companies and related detailed information to the members of the Company/Subsidiaries seeking the same.

Consolidated Financials

Consolidated Financial Statements in accordance with Accounting Standard-21 issued by the Institute of Chartered Accountants of India have been provided in the Annual Report. These Consolidated Financial Statements provide financial information about your Company and its Subsidiaries as a single economic entity. The Consolidated Financial Statements form part of this Annual Report.

Directors Responsibility Statement

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Directors Responsibility Statement, the Directors here by confirm:

1. that in the preparation of the Annual Accounts for the year ended March 31, 2014, the applicable Accounting Standards have been followed along with proper explanation relating to material departures.
2. that the Directors have selected such Accounting Policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a fair view of the state of affairs of the Company at the year ended March 31, 2014 and of the profit / loss of the Company for that period.
3. that the Directors have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. that the Directors have prepared the Annual Accounts for the year ended March 31, 2014 on a going concern basis.

Particulars of Employees

During the financial year 2013-2014, no employee was paid remuneration more than the limit prescribed under section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended. Hence, no separate disclosure is made by the Company in this regard.

Corporate Governance

Your Company is committed to maintain the highest standards of Corporate Governance and continues to lay a strong emphasis on transparency, accountability and integrity.

The Ministry of Corporate Affairs has made majority of the provisions of the Companies Act, 2013 effective from April 01, 2014. The new act is a positive step towards strengthening corporate governance regime in the country. Your Company is in substantial compliance with the Corporate Governance practices specified under the Companies Act, 2013.

Your Company has proactively adopted provisions related to the Audit Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee and Corporate Social Responsibility Committee.

Your Company has adopted the Code of conduct for prevention of Insider Trading, Company's Code of conduct for Board of Directors and Senior Managerial Personnel and Code for Independent Directors.

Your Company has adopted Whistle Blower Policy/ Vigil Mechanism as per the said provisions of Companies Act, 2013 and Listing Agreement proposed to be entered into by the Company.

The Corporate Governance Report along with the Management Discussion and Analysis Report is appended as Annexure 'A' and 'B', respectively, with this report.

Conservation of Energy and Technology Absorption and Foreign Exchange

The information under section 217 (i) (e) (read the Companies disclosure of particulars in the report of Board of Directors) Rule, 1988.

1. Conservation of Energy

The requirement for disclosure with respect to conservation of energy, under Form A, is not applicable to the Company for the year under review.

2. Technology Absorption

The company is engaged in trading activities and does not involve any specialized or innovative technology. As such there is nothing to report on Technology Absorption.

3. Foreign Exchange Earnings & Outgo

Details of foreign exchange earnings and outgo is given under Note 29, 30 and 31 to the Financial Statements.

Human Resources

Your Company enjoys cordial relations with its employees. The key focus of your Company is to attract, retain and develop talent. The Board wishes to place on record its appreciation of the contributions made by all employees ensuring high levels of performance and growth during the year.

Corporate Social Responsibility - Social Commitments

Past from many years before the Corporate Social Responsibility (CSR) had become mandatory responsibility of the corporates, your Company has engaged in such activities for decades for improving the living standards of economically weaker section of the society. Your Company has been striving to achieve a fine balance between economic and social imperatives, while also paying attention to the



needs and expectations of our internal as well as external stakeholders. Our Corporate Social Responsibility is not limited to Philanthropy, but encompasses holistic community development. Your Company is striving to fulfil its social responsibilities through donations in trusts and helping them in accomplishment of their social activities along with taking initiatives for the societies/schools which are formed for disabled persons.

As per the provisions of Companies Act, 2013, all companies having a net worth of ₹500 crore or more, or turnover of ₹1000 crore or more or a net profit of ₹5 crore or more during any financial year will be required to constitute a Corporate Social Responsibility (CSR) Committee of the Board comprising 3 or more directors, at least one of whom will be an Independent Director.

Pursuant to this, your Company has constituted a Corporate Social Responsibility Committee (CSR) in compliance with the provisions of Section 135 of the Companies Act, 2013. The said Committee shall formulate and recommend to the Board activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013. Along with the amount of expenditure to be incurred on such activities. It shall also monitor the CSR Policy of the Company and its implementation from time to time.

Acknowledgement

Your Directors would like to express their sincere appreciation for the continued assistance and co-operation received from shareholders, bankers, employees, regulatory bodies and other Business constituents.

For and on behalf of the Board of Directors

Raman Maroo
Managing Director

Atul Maru
Jt. Managing Director

Mumbai
May 29, 2014

MANAGING DIRECTORS DECLARATION

I, Raman Maroo, Managing Director of Shemaroo Entertainment Limited based on confirmation received from all the directors and senior management of the Company, do hereby state that all Board Members and senior management personnel has affirmed compliance with the code of conduct of the Company for the year ended March 31, 2014.

For and on behalf of the Board of Directors

Raman Maroo
Managing Director

Mumbai
May 29, 2014

CEO/CFO CERTIFICATION

We, Raman Maroo, Managing Director and Hiren Gada, Whole Time Director & Chief Financial Officer of Shemaroo Entertainment Limited, do hereby certify to the Board that:

- a. We have reviewed financial statements and the cash flow statement for the year ended March 31, 2014 and that to the best of our knowledge and belief:
 - i. these statements do not contain any materiality untrue statement or omit any material fact or contain statements that might be misleading;
 - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the Auditors and the Audit committee
 - i. significant changes in internal control over financial reporting during the year;
 - ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii. instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Raman Maroo
Managing Director

Hiren Gada
Whole Time Director &
Chief Financial Officer

Mumbai
May 29, 2014

CORPORATE GOVERNANCE

1. Company's Philosophy on Code of Governance

Effective Corporate Governance practice is about commitment to values, ethical business conduct and constitutes strong fundamentals on which a successful commercial enterprise is built to last. The Corporate philosophy of the Company is to promote corporate fairness, transparency and accountability with the objective of maximizing long term value for all stakeholders. Corporate Governance norms are dynamic in nature and the Company constantly endeavors to improve on these aspects.

2. Board of Directors:

The Board of Directors along with its Committees provides leadership and guidance to the Company's management and directs, supervises and controls the performance of the Company. The Company has an appropriate mix of Executive, Non-Executive and Independent Directors to maintain the independence of the Board. The Board presently consists of Ten (10) Directors (Two (2) Managing Directors, One (1) Whole Time Director, Two (2) Non-Executive Directors, and Five (5) Non-executive Independent Directors). The Chairman of the Board is a Non-Executive Director of the Company.

A. Board Procedure:

A detailed Agenda along with comprehensive notes and background material are circulated well in advance before each meeting of the Board and Committee meetings. The Executive Whole Time Director briefs the Board at every meeting on the overall performance of the Company. All statutory and significant material information are placed before the Board to enable it to discharge its responsibilities of strategic supervision of the company as trustees of the shareholders. The proceedings of the meetings of the Board and the Committee are recorded in the form of minutes and the draft minutes are circulated to the Board for approval. The important decisions taken at the Board/Committee meetings are communicated to the concerned departments/divisions promptly.

B. Attendance of the Directors at Meetings of the Board:

During the year 2013-14, the Board met 4 times - on 12th June, 2013, 27th September, 2013, 30th December, 2013 and 11th February, 2014. The maximum time gap between any two meetings was not more than four calendar months.

None of the Directors on the Board are members of more than ten committees or chairman of more than five committees across all the public companies in which they are Directors.

The details of composition, nature of Directorship, the number of meetings attended and the directorships / memberships in other companies of the Directors are detailed below:

| Name of the Director | Nature of Directorship | Relationship with each other | Attendance at the | | Directorship in other Companies (#) | No. of Committee positions (@) | |
|-------------------------|-------------------------------------|--|-------------------|-----|-------------------------------------|--------------------------------|--------|
| | | | Board Meetings | AGM | | Chairman | Member |
| Buddhichand Maroo | Non- Executive Director | Brother of Mr. Raman Maroo and Mr. Atul Maru | 4 | Yes | NIL | NIL | NIL |
| Raman Maroo | Promoter Executive Director | Brother of Mr. Buddhichand Maroo and Mr. Atul Maru | 4 | Yes | 2 | 5 | 1 |
| Atul Maru | Promoter Executive Director | Brother of Mr. Buddhichand Maroo and Mr. Raman Maroo | 4 | Yes | NIL | 1 | 1 |
| Hiren Gada ^A | Executive Director | Not a relative of any of the directors. | 3 | No | NIL | NIL | 2 |
| Jai Maroo | Non-Executive Director | Son of Mr. Buddhichand Maroo | 2 | No | NIL | NIL | 1 |
| Jayesh* Parekh | Independent, Non-Executive Director | ** | 4 | Yes | NIL | 1 | NIL |
| Kirit Gala* | Independent, Non-Executive Director | ** | 4 | Yes | NIL | NIL | 1 |
| Gnanesh Gala* | Independent, Non-Executive Director | ** | 4 | Yes | 1 | 1 | 1 |
| Vasanji Mamania* | Independent, Non-Executive Director | ** | 4 | Yes | NIL | 1 | 1 |
| Shashidhar Sinha* | Independent, Non-Executive Director | ** | 3 | Yes | 1 | NIL | 2 |



- * Appointed as an Independent Director for a period of five (5) consecutive years, not subject to liable to retire by rotation
- ^ Appointed as the Chief Financial Officer of the Company, designated as 'Whole Time Director – Chief Financial officer'.
- # Excludes directorship in Shemaroo Entertainment Limited. Also excludes Alternate directorships, directorship in Private Limited Companies, Foreign Companies and Companies registered under Sec.25 of the Companies Act, 1956.
- ** There is no relationship between any of the Independent Directors.
- @ For the purpose of considering the limit of the Committee Memberships and Chairmanships of a Director, the Audit Committee Stakeholders Relationship Committee, Nomination and Remuneration Committee and Corporate Social Responsibility Committee of Public Limited Companies have been considered.

3. Profile of Director Retiring by Rotation and seeking Re-appointment.

| Particulars | Mr Raman Hirji Maroo | |
|---|--|------------------------------|
| Date of Birth | December 6, 1950 | |
| Date of Appointment | Since Incorporation i.e. December 23, 2005 | |
| Qualifications | He has completed his higher secondary studies from Mumbai. | |
| Expertise in specific functional areas. | He has been associated with the Group since 1974 and our Company since Incorporation. Mr. Raman Maroo has approximately 40 years of business experience, out of which, he has been associated with the media and entertainment industry for approximately 31 years. He has been instrumental in our Group's expansion into television rights syndication as well as transformation of Shemaroo into a content house. He has led our Company's growth for many years. He has valuable relationships with various key players within the Indian entertainment industry, including film producers, television broadcasters, amongst others. He is a Director on the Board of several companies. He has received the 'Girnar Award' from Bruhad Mumbai Gujarati Samaj for outstanding contribution in the field of Entertainment in November 2000. He was a Director on the Board of Multi Screen Media Private Limited, the owners of Sony Entertainment Television network of television channels, since 1997. | |
| Memberships/ Chairmanships of committees in our Company | He is the Chairman of Executive Committee and Initial Public Offer (IPO) Committee in our Company. | |
| Directorships held in other Companies | <ol style="list-style-type: none"> 1. Atlas Equifin Private Limited 2. Shemaroo Films Private Limited; 3. Mitoch Pharma Private Limited; 4. Novatech Fin vest (India) Private Limited; 5. Orbit Corporation Limited; 6. Shemaroo Holdings Private Limited; 7. Namaste America – Indo American Association for Art and Culture; 8. Malabar Hill Club Limited; 9. Talwalkars Better Value Fitness Limited; and 10. Think Walnut Digital Private Limited. | |
| Memberships/Chairmanships of committees of other companies | Orbit Corporation Limited: | |
| | Chairman | Member |
| | 1. Audit Committee | Nomination/Human Resources & |
| | 2. Stakeholders Relationship Committee | Remuneration Committee |
| | Talwalkars Better Value Fitness Limited | |
| | Chairman | Member |
| | Corporate Social Responsibility Committee | Nil |
| Number of shares held in the Company | He holds 4,809,520 Equity Shares of ₹ 10/- each (24.23% of paid up capital) in the Company. | |

4. Company- Conducts and Policies

The Board has adopted the following code of conducts for a good Corporate Governance:

1. Code of Conduct for Board of Directors and Senior Managerial Personnel of the Company.

The Company believes that a good Corporate Governance Structure would not only encourage value creation but also provide accountability, highest standards of business ethics and control systems commensurate with the risks involved. This Code sets forth legal and ethical standards of conduct for Directors and Senior Managerial Personnel (comprising all members of core management team one level below the executive Directors and all the functional heads) of Shemaroo Entertainment Limited (“Shemaroo” or the “Company”) and ensures compliance with legal requirements under Clause 49 ‘Corporate Governance’ of the Listing Agreement.

2. Code of Internal procedures and Conduct for prevention of Insider trading.

It is mandatory for every Listed Company/Entity to comply with Securities and Exchange Board of India (Prohibition of Insider Trading Regulations, 1992, as amended from time to time. The Company has instituted a comprehensive Code of Conduct for Prevention of Insider Trading for it’s every Director, Officer, Designated Employee and Connected Persons. The Code lays down guidelines through which it advises the designated employees on procedures to be followed and disclosures to be made, while dealing with Shares of the Company, and caution them of the consequences of violations.

3. Code of Independent Directors

Our Company has adopted this Code as this shall be utilized as a guide to professional conduct for independent directors. The Code has been framed under the provisions of Section 149 (8), read with Schedule IV of the Companies Act, 2013 and other applicable provisions, if any. Adherence to these standards by independent directors and fulfillment of their responsibilities in a professional and faithful manner will promote confidence of the investment community, particularly minority shareholders, regulators and companies in the institution of independent directors.

4. Whistle Blower Policy / Vigil Mechanism

Our Company has adopted Whistle Blower Policy/ Vigil Mechanism to comply with the regulatory requirements and to provide a framework to promote responsible and secure whistle blowing. This policy helps to protects employees wishing to raise a concern about serious irregularities within the Company. This mechanism provides for adequate

safeguards against victimization of persons who use such mechanism.

5. Management Discussion and Analysis

This annual report has a detailed section on Management Discussion and Analysis.

6. Committees

To focus effectively on the issues and ensure expedient resolution of diverse matters, the Board has constituted a set of Committees with specific terms of reference/ scope. The Committees operate as empowered agents of the Board as per their Charter/terms of reference. The minutes of the meetings of all Committees of the Board are placed before the Board for discussions/noting.

Presently your Company has constituted the following Six committees:

- a) Audit Committee;
- b) Stakeholders’ Relationship Committee;
- c) Nomination and Remuneration Committee;
- d) Corporate Social Responsibility (CSR) Committee.
- e) IPO Committee; and
- f) Executive Committee.

A. Audit Committee

The audit committee was originally constituted by our Directors at the Board meeting held on August 29, 2011. Pursuant to Section 177 of the Companies Act 2013, the Audit Committee was re-constituted by the Board of Directors in its Meeting held on May 29, 2014.

The Audit Committee comprises of the following members:

| Sr. | Name of the Member | Designation | Nature of Directorship |
|-----|--------------------|-------------|------------------------|
| 1. | Mr. Gnanesh Gala | Chairman | Independent Director |
| 2. | Mr. Kirit Gala | Member | Independent Director |
| 3. | Mr. Hiren Gada | Member | Executive Director |

Meetings and attendance during the year:

The details of the dates on which the meetings were held and attendance of the Committee member during the financial year ended 31st March, 2014 are as follows:

| Sr. | Date of Committee Meeting | No. of Members present | Committee strength |
|-----|---------------------------|------------------------|--------------------|
| 1 | 12th June, 2013 | Three | Three |
| 2 | 11th February, 2014 | Three | Three |

Scope and terms of reference:

The Audit Committee will perform the following functions with regard to accounts and financial management:

The Powers of Audit Committee are as follows:

1. To investigate any activity within its term of reference or referred to it by the Board and for this purpose shall have power to obtain professional advice from external sources and have full access to information contained in the records of the Company;
2. To seek information from any employee;
3. To obtain outside legal or other professional advice;
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

The Audit Committee mandatorily reviews the following information:

1. Management, Discussion and Analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the audit committee) submitted by the management;
3. Management Letters/Letters of internal control weaknesses issued by statutory auditors;
4. Internal audit reports relating to internal control weaknesses; and
5. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to the review by the Audit Committee.

The terms of reference of the audit committee are as follows:

1. Overseeing the Company's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the company.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013;
 - b. Changes, if any, in accounting policies and practices and reasons for the same;
 - c. Major accounting entries involving estimates based on the exercise of judgment by management;
 - d. Significant adjustments made in the financial statements arising out of audit findings;
 - e. Compliance with listing and other legal requirements relating to financial statements;
 - f. Disclosure of any related party transactions;
 - g. Qualifications in the draft audit report;
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval.

6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
7. Review and monitor the auditor's independence and performance, and effectiveness of audit process.
8. Calling for comments of the auditors about internal control systems, scope of audit (including observations of the auditors and review of financial statement before their submission to the Board and discuss any related issues with the internal and/or statutory auditors and management of the company.
9. Approval or any subsequent modification of transactions of the company with related parties.
10. Scrutiny of inter-corporate loans and investments.
11. Valuation of undertakings or assets of the company, wherever it is necessary.
12. Evaluation of internal financial controls and risk management systems.
13. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
14. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
15. Discussion with internal auditors of any significant findings and follow up there on.
16. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
17. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
18. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
19. To review the functioning of the Whistle Blower mechanism / Vigil Mechanism.
20. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate.

21. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

B. Stakeholders Relationship Committee

The Stakeholders Relationship Committee (*Formerly Known as Investor Grievance Committee*) was originally constituted by our Directors at the Board meeting held on August 29, 2011 and pursuant to Section 178(5) of the Companies Act, 2013, the Board of Directors in its Meeting held on May 29, 2014 re-constituted the Committee which is known as Stakeholders Relationship Committee.

The Stakeholders Relationship Committee comprises of the following members:

| Sr. No | Name of the Member | Designation | Nature of Directorship |
|--------|----------------------|-------------|------------------------|
| 1 | Mr. Jayesh Parekh | Chairman | Independent Director |
| 2 | Mr. Shashidhar Sinha | Member | Independent Director |
| 3 | Mr. Atul Maru | Member | Executive Director |

The Stakeholders Relationship Committee met twice on September 27, 2013 and December 30, 2013 and all the committee members were present in both the meetings.

Scope and terms of reference:

The Stakeholders Relationship Committee does the following acts:

- Investor relations and redressal of grievances of security holders of the company in general and relating to non receipt of dividends, interest, non-receipt of balance sheet etc.
- Approve requests for security transfers and transmission and those pertaining to rematerialisation of securities / sub-division/ consolidation/ of shares, issue of renewed and duplicate share/debenture certificates etc.
- Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by such committee.

C. Nomination and Remuneration Committee

The Nomination and Remuneration Committee (*Formerly Known as Remuneration Committee*) was originally constituted by our Directors at the Board meeting held on August 29, 2011 and pursuant to Section 178 of the Companies Act, 2013, the Board of Directors in its Meeting held on May 29, 2014 re-constituted the Committee which is known as Nomination and Remuneration Committee.

The Nomination and Remuneration Committee comprises of the following members:

| Sr. No | Name of the Member | Designation | Nature of Directorship |
|--------|----------------------|-------------|------------------------|
| 1 | Mr. Vasanji Mamanian | Chairman | Independent Director |
| 2 | Mr. Shashidhar Sinha | Member | Independent Director |
| 3 | Mr. Jai Maroo | Member | Non-Executive Director |

The Nomination and Remuneration Committee did not met any time in the Financial year 2013-2014.

Scope and terms of reference:

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees. The Committee, while formulating such policy shall ensure that:
 - the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
 - relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.
- Formulation of criteria for evaluation of Independent Directors and the Board;
- Devising a policy on Board diversity;
- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal. The company shall disclose the remuneration policy and the evaluation criteria in its Annual Report.
- Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by such committee.

D. Corporate Social Responsibility Committee

In adherence with Section 135 of the Companies Act, 2013 and Rules made thereunder, the Board of Directors at its meeting held on May 29, 2014 has set up the Corporate Social Responsibility Committee.

The terms of reference of the said Committee inter-alia includes:

- To formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by



the Company as specified in Schedule VII of the Companies Act, 2013.

- ii. To recommend the amount of expenditure to be incurred on activities referred in the CSR Policy.
- iii. To monitor the CSR Policy of the Company and its implementation from time to time.

The Corporate Social Responsibility Committee comprises of the following members:

| Sr. No. | Name of the Member | Designation | Nature of Directorship |
|---------|---------------------|-------------|------------------------|
| 1. | Mr. Atul Maru | Chairman | Executive Director |
| 2. | Mr. Hiren Gada | Member | Executive Director |
| 3. | Mr. Vasanji Mamania | Member | Independent Director |

The Corporate Social Responsibility Committee did not meet any time during the year .

E. Initial Public Offer (IPO) Committee

The IPO committee was constituted by our Directors at the Board meeting held on August 29, 2011. The IPO Committee comprises of the following members:

| Sr. No | Name of the Member | Designation | Nature of Directorship |
|--------|--------------------|-------------|------------------------|
| 1. | Mr. Raman Maroo | Chairman | Executive Director |
| 2. | Mr. Atul Maru | Member | Executive Director |
| 3. | Mr. Hiren Gada | Member | Executive Director |
| 4. | Mr. Jai Maroo | Member | Non-Executive Director |

The Initial Public Offer Committee (IPO) met Five times on July 4, 2013; August 23, 2013; September 23, 2013; January 16, 2014 and February 21, 2014 and all the committee members were present in both the meetings.

Scope and terms of reference:

The IPO Committee exercises powers in relation to the matters listed below:

1. The IPO Committee has been constituted to decide the terms and conditions of the Issue, finalisation and filing of the Draft Red Herring Prospectus and the Red Herring Prospectus with SEBI, the Stock Exchanges and other regulatory bodies as may be required;
2. Handle all matter relating to appointment of intermediaries and advisors in relation to the IPO;
3. Deciding on allocation of the equity shares to specific categories of persons;
4. Opening of bank accounts, securities account, escrow or custodian accounts, submitting applications and seeking listing of Equity Shares with the Stock Exchanges;
5. Determining and finalising the price band, bid opening and closing date of this Issue, approving and finalising the 'Basis of Allocation';
6. Determining the price at which the Equity Shares are to be offered to the investors;

7. Settling difficulties and doubts arising in relation to the IPO;
8. Empowering the authorized officers to enter into and execute any agreements or arrangements in relation to the IPO; and
9. Carry out all acts and take all decisions as may be necessary for the purposes of the IPO and listing.

F. Executive Committee

The Executive Committee was originally constituted by our Directors at the Board meeting held on August 29, 2011 and the re-empowerment of the Executive Committee was done by the Board of Directors in its Meeting held on May 29, 2014.

The Executive Committee comprises of the following members:

| Sr. No. | Name of the Member | Designation | Nature of Directorship |
|---------|--------------------|-------------|------------------------|
| 1. | Mr. Raman Maroo | Chairman | Executive Director |
| 2. | Mr. Atul Maru | Member | Executive Director |
| 3. | Mr. Hiren Gada | Member | Executive Director |

Meetings and attendance during the year:

The details of the dates on which the meetings were held and attendance of the Committee member during the financial year ended 31st March, 2014 are as follows:

| Sr. | Date of Committee Meeting | No. of Members present | Committee strength |
|-----|----------------------------------|------------------------|--------------------|
| 1 | 9 th April, 2013 | Three | Three |
| 2 | 29 th April, 2013 | Three | Three |
| 3 | 13 th May, 2013 | Two | Three |
| 4 | 27 th May, 2013 | Two | Three |
| 5 | 12 th June, 2013 | Three | Three |
| 6. | 4 th July, 2013 | Three | Three |
| 7. | 29 th July, 2013 | Three | Three |
| 8. | 12 th September, 2013 | Three | Three |
| 9. | 23 rd September, 2013 | Three | Three |
| 10 | 9 th October, 2013 | Three | Three |
| 11 | 23 rd October, 2013 | Three | Three |
| 12 | 11 th November, 2013 | Three | Three |
| 13 | 16 th December, 2013 | Three | Three |
| 14 | 26 th December, 2013 | Three | Three |
| 15 | 24 th January, 2014 | Three | Three |
| 16 | 19 th February, 2014 | Three | Three |
| 17 | 31 st March, 2014 | Three | Three |

Scope and terms of reference:

The Executive Committee exercises powers in relation to the matters listed below:

- To open and operate Bank Accounts.
- To authorize change in signatories.
- To give instructions relating to the transactions of the Company with the Banks.
- To give necessary instructions for closure of Bank Accounts.
- To issue / revalidate / cancel Powers of Attorney.
- To authorize persons to act on behalf of the Company in relation to legal proceedings, appearing before any government authorities/agencies, dealing with the outside parties or in relation to any other matter where such authorization is required.
- To invest the funds of the Company upto a limit of ₹25,00,00,000 (Rupees Twenty Five crores only) in Shares, Debentures, Mutual Funds, FDRs and Bonds of Bodies Corporate and Government or Semi Government agencies.
- To avail loans, credit facilities, lease arrangements, inter corporate borrowings and other borrowing from Banks / Financial Institutions upto a limit of ₹2,500,000,000 (Rupees Two hundred and fifty crores only).
- To accept the terms and conditions for availing the said financial assistance.
- To authorize execution of documents and affix the Common Seal of the Company, wherever necessary.
- To request Banks or Financial Institutions for disbursement of funds.
- To create security on the assets of the Company for availing of the above-mentioned facilities.
- To do all acts, deeds and things, as may be required or considered necessary or incidental thereto.
- Any other related matters.

7. Remuneration Policy

The Remuneration of the Managing Directors and Whole Time Director is decided by the Board on recommendation of the Nomination & Remuneration Committee within the ceiling limit fixed by the Shareholders of the Company. The company pays remuneration by way of salary, perquisites and allowances. The Annual increments are effective from 1st April of every year within the limit as approved by the Shareholders of the Company pursuant to the section 198, 309 and Schedule XIII of the Companies Act, 1956. Non-Executive Directors are eligible for sitting fees and commission not exceeding the limits prescribed under the Companies Act, 2013. The remuneration payable to the non executive directors is decided by the Board subject to the overall approval of the members of the Company.

A. Remuneration to Non-Executive Directors

No commission was paid to the non-executive directors for the financial year 2013-2014. The details of sitting fees paid to the non-executive directors of the company during the financial year 2013-2014 along with shares held by them as on March 31, 2014 are as follows:

| Sr. | Name | No. of shares held | Nature of Directorship | Sitting fees in (₹) |
|-----|-----------------------|--------------------|------------------------|---------------------|
| 1. | Mr. Buddhichand Maroo | 3,575,320 | Non-Executive Director | 72,000 |
| 2. | Mr. Jai Maroo | 1,234,200 | Non-Executive Director | 36,000 |
| 3. | Mr. Jayesh Parekh | 1,53,308 | Independent Director | 71,759 |
| 4. | Mr. Vasanji Mama-nia | 50,636 | Independent Director | 72,000 |
| 5. | Mr. Kirit Gala | Nil | Independent Director | 72,000 |
| 6. | Mr. Gnanesh Gala | Nil | Independent Director | 72,000 |
| 7. | Mr. Shashidhar Sinha | Nil | Independent Director | 54,000 |

B. Remuneration to Managing Director and Whole time Directors for the Financial Year 2013-14

| Name and Designation | Salary Paid (In ₹) | Commission/ Sitting Fees |
|--|--------------------|--------------------------|
| Mr. Raman Maroo Managing Director | 42,11,408 | NIL |
| Mr. Atul Maru Jt. Managing Director | 42,11,408 | NIL |
| Mr. Hiren Gada Whole Time Director | 32,11,823 | NIL |

8. General Body Meetings

a) Location and time, where last three Annual General Meetings were held is given below:

| Financial Year | Date | Location of the Meeting | Time | Particulars of the Special Resolution |
|----------------|--------------------|---|----------|--|
| 2010-2011 | July 11, 2011 | Shemaroo House, Plot No. 18, Marol Co-op Indl. Estate, Andheri (E), Mumbai – 400059 | 4:00 PM | 1. Increase of Authorised Share Capital. 2. Alteration of Memorandum of Associations thereof. 3. Preferential Issue of Shares. |
| 2011-2012 | September 28, 2012 | Shemaroo House, Plot No. 18, Marol Co-op Indl. Estate, Andheri (E), Mumbai – 400059 | 11:00 AM | -- |
| 2012-2013 | September 28, 2012 | Shemaroo House, Plot No. 18, Marol Co-op Indl. Estate, Andheri (E), Mumbai – 400059 | 11:00 AM | -- |

b) Location and time, where Extraordinary General Meetings (EGMs) were held for last three years is given below:

| Financial Year | Date | Location of the Meeting | Time | Particulars of the Special Resolution |
|----------------|---------------------------------|---|----------|---|
| 2011-2012 | August 29, 2011 | Shemaroo House, Plot No. 18, Marol Co-op Indl. Estate, Andheri (E), Mumbai – 400059 | 3.00 PM | 1. Issue of Bonus Shares 2. Further issue of shares by way of IPO 3. Adoption of new set of Articles pursuant to termination of Shareholders' Agreement |
| | December 9, 2011 | Shemaroo House, Plot No. 18, Marol Co-op Indl. Estate, Andheri (E), Mumbai – 400059. | 11.00 AM | 1. Appointment of Mr. Jayesh Parekh as Director 2. Appointment of Mr. Kirit Gala as Director 3. Appointment of Mr. Gnanesh Gala as Director 4. Appointment of Mr. Shashidhar Sinha as Director 5. Appointment of Mr. Vasanji Mamania as Director 6. Increasing the Limit of FIIs' holding of shares 7. Contract with Think Walnut Digital Private Ltd. pursuant to provisions of section 197 of the Companies Act, 1956 |
| 2012-2013 | No EGM Was Held During The Year | | | |
| 2013-2014 | April 11, 2013 | Shemaroo House, Plot No. 18, Marol Co-op Indl. Estate, Andheri (E), Mumbai – 400059. | 11.00 AM | Further Issue of shares by way of Initial Public Offering (IPO) |
| | November 13, 2013 | Shemaroo House, Plot No. 18, Marol Co-op Indl. Estate, Andheri (E), Mumbai – 400059. 400059 | 11.00 AM | Alteration of Articles of Association |

All the above resolutions which were put to vote by show of hands were passed unanimously.

No polling was used for voting at these meetings in respect of resolutions passed.

9. General Shareholder Information:

(i) Share Transfer System

We have a Board-level Stakeholders' Relationship Committee to examine and redress shareholders' and investors' complaints. The status of complaints and share transfers is reported to the entire Board. For shares transferred in physical form, the Company provides adequate notice to the seller before registering the transfer of shares. The Stakeholders Relationship Committee of the Company will meet as often as required to approve share transfers. For matters regarding shares transferred in physical form, share certificates, dividends and change of address, shareholders should communicate with the Company Secretary and Compliance Officer of the Company.

Share transactions in electronic form can be effected in a much simpler and faster manner. After a confirmation of a sale/purchase transaction from the broker, shareholders should approach the depository participant with a request to debit or credit the account for the transaction. The depository participant will immediately arrange to complete the transaction by updating. There is no need for a separate communication to the Company to register the share transfer.

(ii) Dematerialization of shares and liquidity

88.26% of the Company's paid-up Equity Share Capital has been dematerialized and the balance of 11.74% is in physical form as on March 31, 2014. The Company's Registrar's are Link Intime India Private Limited.

(iii) Distribution of shareholding as on 31st March, 2014:

| No. of Equity shares | No. of Shareholders | % of Shareholders | No. of Share held | % of Shareholding |
|------------------------|---------------------|-------------------|--------------------|-------------------|
| 1-10000 | 7 | | 60,064 | 0.30 |
| 10001-50000 | 11 | | 3,26,808 | 1.65 |
| 50001-100000 | 13 | | 7,30,028 | 3.68 |
| 100001 and above | 13 | | 1,87,32,004 | 94.37 |
| Total | 44 | 100 | 198,48,904 | 100 |
| Physical Mode | 7 | | 23,30,592 | 11.74 |
| Electronic Mode | 37 | | 1,75,18,312 | 88.26 |

(iv) Shareholding Pattern as on 31st March, 2014:

| Sr. | Category | No. of shares held | % to total capital |
|---|--|--------------------|--------------------|
| A. Shareholding of Promoters and Promoter Group | | | |
| 1 | Individuals/Hindu Undivided Family | 1,48,34,880 | 74.74 |
| 2 | Individuals (Non-Resident Individuals/Foreign Individuals) | 12,34,200 | 6.22 |
| 3 | Bodies Corporate (OCB) | 18,22,840 | 9.18 |
| Total Shareholding of Promoters and Promoter Group [A] | | 1,78,91,920 | 90.14 |
| B. Public shareholding | | | |
| 4 | Bodies Corporate | 5,86,512 | 2.96 |
| 5 | Non Resident Indians | 2,54,580 | 1.28 |
| 6 | Trust | 1,01,264 | 0.51 |
| 7 | Individuals | 10,14,628 | 5.11 |
| Total Public Shareholding [B] | | 19,56,984 | 9.86 |
| TOTAL SHAREHOLDING [A]+[B] | | 1,98,48,904 | 100 |

**(v) Shareholding Pattern of Directors as at 31st March, 2014:**

| Sr. | Name of the Shareholder | No. of Shares @ ₹ 10/-each | % holding |
|-------|-------------------------|----------------------------|-----------|
| 1. | Raman Maroo | 4,809,520 | 24.23 |
| 2. | Atul Maru | 4,809,520 | 24.23 |
| 3. | Hiren Gada | 1,640,520 | 8.27 |
| 4. | Buddhichand Maroo | 3,575,320 | 18.01 |
| 5. | Jai Maroo | 1,234,200 | 6.22 |
| 6. | Jayesh Parekh | 1,53,308 | 0.77 |
| 7. | Vasanji Mamania | 50,636 | 0.26 |
| 8. | Shashidhar Sinha | NIL | - |
| 9. | Gnanesh Gala | NIL | - |
| 10. | Kirit Gala | NIL | - |
| Total | | 16273024 | 81.98 |

(vi) Address for Communication:

Shemaroo House, Plot No. 18,
Marol Co-Op. Industrial Estate,
Off Andheri Kurla Road,
Andheri (E), Mumbai – 400059.

(vii) Company Secretary and Compliance Officer:

Mr. Ankit Singh:
Shemaroo House, Plot No. 18,
Marol Co-Op. Industrial Estate,
Off Andheri Kurla Road,
Andheri (East), Mumbai-400 059

(viii) Corporate Identity Number (CIN)

The Company's CIN allotted by the Ministry of Corporate Affairs is U67190MH2005PLC158288.

(ix) Nomination Facility

Section 109A of the Companies Act, 1956 facilitates shareholders to make nominations in respect of shares held by them. Shareholders holding shares in physical form who are desirous of making a nomination are requested to send their requests in Form No. 2B to the Company for registration of Nomination.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Highlights

(₹ in Lakhs)

| Particulars | FOR THE YEAR ENDED MARCH 31, | | |
|--|------------------------------|---------------|------------------|
| | 2014 | % growth | 2013 |
| Income | | | |
| Revenue from Operations | 26,460.79 | 23.22% | 21,473.90 |
| As a % of total income | 99.50% | | 99.38% |
| Other Income | 134.25 | (0.57)% | 135.02 |
| As a % of total income | 0.50% | | 0.62% |
| Total Income | 26,595.03 | 23.07% | 21,608.92 |
| Expenditure | | | |
| Direct Operating Expenses | 22,028.03 | 24.65% | 17,672.58 |
| As a % of total income | 82.83% | | 81.78% |
| Changes in inventories | (5,402.47) | 9.03% | (4,954.90) |
| As a % of total income | (20.31)% | | (22.93)% |
| Employee Benefit Expense | 1,853.62 | 12.56% | 1,646.75 |
| As a % of total income | 6.97% | | 7.62% |
| Other Expenses | 1,547.32 | 12.64% | 1,373.65 |
| As a % of total income | 5.82% | | 6.36% |
| Total | 20,026.50 | 27.25% | 15,738.08 |
| As a % of total income | 75.30% | | 72.83% |
| Earnings before Interest, Depreciation, Tax and Extraordinary Items (A-B) | 6,568.53 | 11.88% | 5,870.84 |
| As a % of total income | 24.70% | | 27.17% |
| Financial Cost | 1922.80 | 5.03% | 1,830.79 |
| As a % of total income | 7.23% | | 8.47% |
| Depreciation | 296.43 | (0.60)% | 298.21 |
| As a % of total income | 1.11% | | 1.38% |
| Total Expenses | 22,245.72 | 24.51% | 17,867.08 |
| As a % of total income | 83.65% | | 82.68% |
| Profit before Tax and Extraordinary Items | 4,349.31 | 16.23% | 3,741.84 |
| As a % of total income | 16.35% | | 17.32% |
| <u>Provision for Taxation</u> | | | |
| - Current Tax | 1,293.25 | | 1253.62 |
| - Deferred Tax | 340.34 | | 21.22 |
| - Wealth Tax | 0.89 | | 0.96 |
| - Tax in respect of earlier years | 10.95 | | - |
| Profit For the Year | 2,703.88 | 9.64% | 2,466.04 |
| As a % of total income | 10.17% | | 11.41% |
| Share in Reserves of Associate Company | 11.96 | | (110.90) |
| Net Profit after Extraordinary Items | 2,726.78 | 15.78% | 2,355.14 |
| As a % of total income | 10.21% | | 10.90% |



Comparison of Fiscal 2014 with Fiscal 2013

Total Income

Our total income increased by 23.07% from ₹21,608.92 lakhs in Fiscal 2013 to ₹26,595.03 lakhs in Fiscal 2014 due to the following factors:

Revenue from Operations

Our income from sales and services increased by 23.22 % from ₹21,473.90 lakhs in Fiscal 2013 to ₹26,460.79 lakhs in Fiscal 2014 due to overall growth in demand for films content. Sales and services as a % of total income increased from 99.38% to 99.50% for the same period.

Other Income

Other income decreased by 0.57% from ₹135.02 lakhs in Fiscal 2013 to ₹134.25 lakhs in Fiscal 2014. Other income as a percentage of total income decreased from 0.62% to 0.50% for the same period.

Total Expenditure

Total expenditure increased by 27.25% from ₹15,738.08 lakhs in Fiscal 2013 to ₹20,026.50 lakhs in Fiscal 2014. Total expenditure as a percentage of total income increased from 72.83% to 75.30% for the same period.

This is primarily attributable to the following factors:

Direct operational expenses

Direct operational expenses increased by 24.65% from ₹17,672.58 lakhs in Fiscal 2013 to ₹22,028.03 lakhs in Fiscal 2014, primarily due to increase in content cost and to build a future content pipeline. Direct operational expenses as a percentage of total income increased from 81.78% to 82.83% for the same period.

Changes in Inventories

Change in inventory increased by 9.03% from ₹(4,954.90) lakhs in Fiscal 2013 to ₹(5,402.47) lakhs for the fiscal 2014. This accounted for a part of the increase in direct operational expenses.

Employee Benefit Expenses

Our Employee benefit expenses increased by 12.56% from ₹1,646.75 lakhs in Fiscal 2013 to ₹1,853.62 lakhs in Fiscal 2014, primarily due to an increase in the number of employees commensurate with the increase in business and an annual increase in salaries. The employee benefit expenses as a percentage of total income decreased from 7.62% to 6.97% for the same period.

Other Expenses

Other expenses increased by 12.64% from ₹1,373.65 lakhs in Fiscal 2013 to ₹1,547.32 lakhs in Fiscal 2014, primarily due to increase in statutory and legal fees and repair and maintenance expenses. Other expenses as a percentage of total income decreased from 6.36% to 5.82% for the same period.

Earnings before Interest, Depreciation, Tax and Extraordinary Item (EBITDA)

EBITDA increased by 11.88% from ₹5,870.84 lakhs in Fiscal 2013 to ₹6,568.53 lakhs in Fiscal 2014 due to higher revenue,

inventories and better operating efficiency. EBITDA margin decreased from 27.17% to 24.70% for the same period.

Financial Costs

Financial expenses increased by 5.03%, from ₹1,830.79 lakhs in Fiscal 2013 to ₹1,922.80 lakhs in Fiscal 2014, primarily due to higher borrowing during the year. Financial expense as a percentage of total income decreased from 8.47% to 7.23% for the same period.

Depreciation and amortization expense

Depreciation decreased by 0.60% from ₹298.21 lakhs in Fiscal 2013 to ₹296.43 lakhs in Fiscal 2014, primarily due to lower addition in gross block. Depreciation as a percentage of total income decreased from 1.38% to 1.11% for the same period as the percentage increase in total income was lower than addition in Gross Block of Fixed Assets.

Tax Expense

The tax expense increased by 27.03% from ₹1,286.74 lakhs in Fiscal 2013 to ₹1,634.48 lakhs in Fiscal 2014. The primary component of this increase was deferred tax.

Profit after tax (PAT)

For the reasons discussed above, PAT increased by 9.64% from ₹2,466.04 lakhs in Fiscal 2013 to ₹2,703.88 lakhs in Fiscal 2014. PAT margin slightly decreased from 11.41% to 10.17% for the same period.

Significant Factors Affecting our Results of Operations

Our financial condition and results of operations are affected by numerous factors, the following of which are of particular importance:

1. Challenging Economic Condition

Occurrence of events like the recent global financial meltdown can have an adverse impact on our business and operations and the entertainment and media industry in general. Factors like liquidity crunch may affect the scale and production of films. Slowdown in advertising budgets can impact the broadcast industry. Entertainment and Media spends are largely discretionary in nature, and in tough economic conditions, consumers may resort to cut in these spends.

While one cannot be totally insulated against challenging economic conditions, we believe that there will always be demand for compelling content, even in tough economic conditions. Only the flavor of content might change with times. Besides, most of the segments we operate in, like cable and satellite are a less expensive form of entertainment & leisure, and sometimes may benefit at the expense of other leisure activities.

2. Changes in Technology

The landscape of the media industry continues to change in response to technological innovation and evolving consumer trends. New mediums and technology like 3G, iPad, IPTV, DTH are changing the very definition of media. If we are unable to respond to changes in technology and evolving industry trends, our businesses may not be able to compete effectively.

We have been a key player in the evolution of the media industry. We understand content and its delivery platform and over the years, have successfully adapted to changing technology by expanding our distribution platforms. Our recent foray includes capturing the new age media platform and we have invested significantly in providing content to Mobile Operators, IPTV operators, 3G operators and leading online entertainment portals.

3. Availability of film content

Our Broadcast syndication business is driven primarily by availability of film content from producers or owners of the film. There is a risk that during certain periods fewer or no major films will release. We also face a risk of availability of quality content.

It is a part of our wider business strategy to purchase rights of content which is compelling and which is not necessarily restricted to box-office success. Several factors like star cast and appeal, popularity of director, and channel positioning are taken into consideration before we purchase the rights. Besides, we have a library of over 640 titles where we have perpetual rights. We also actively pursue non-film rights like special interest content and regional content. All this helps us reduce our dependence on the availability of film content.

4. Competition

In all our operating activities, we face competition from individuals as well as large corporate. Besides, most players can easily enter a business like broadcast syndication with a limited amount of investment. Any major change in strategy by competition or entry of a new player could have an adverse effect on our operations and impact our financial condition.

We have evolved into one of India's largest content owner, aggregator and distributor of film-based copyrights and other entertainment rights. In broadcast syndication, our strong negotiating position due to our reputation and brand helps us acquire quality content and distribute at favourable terms. Our large library of perpetual rights makes us the partner of choice for most of the distribution platform owners. Besides, the market we operate in is structurally changing, and hence there are always opportunities for us to maximize/reinforce our leading market position. We believe our ability to vet the title rights and support technical quality of deliverables on a large scale and leadership position enables us to compete successfully.

5. Counterparty relationships

We may face material counterparty risk in relation to our clients, content owners, telecom operators and broadcasters.

We have various systems and processes in place which ensures minimal damage and counterparty risk. We have a robust legal due diligence process, having been refined over 25 years of experience. Our experienced management team has strong understanding and knowledge to assess the

commercial viability of content deals and products. We also have technical due diligence in place which evaluates the quality of source material and ensure technical superiority of the content.

6. Changes in Regulations

Changes in laws and regulations governing the entertainment and media industry may have an adverse effect on our business. Compliance with and the effects of existing and future regulations could have a material adverse impact on us.

The government, regulatory bodies and members of the industry are actively working together towards reforms that aid the development of Indian media companies. In fact, the impending changes in regulations can only act as a catalyst to the growth of the sector. The roll out of 3G is one such example.

Human resources

The company's employees form the backbone of our organization. A remuneration policy, which rewards achievement and is in line with the best industry practices, is consistently followed. Training to improve on the job skills is an integral part of our human resource policy and is practiced across all functions within the organization. Industrial relations have remained harmonious throughout the year.

Internal control and its adequacy

The Company's internal control system commensurate with its size and operations and is adequate. Internal controls have been instituted and are regularly upgraded in line with the changes in the regulatory and control requirements. The internal audit is conducted regularly by the external professionals. The observations of the auditors are reviewed periodically by the audit committee and the appropriate actions are taken by the Management.

Risk Management

The company has effective risk management in place to meet the risks and uncertainties that the company foresees. The company takes full cognisance of the fact that effective risk management is important in delivering sustained returns to its shareholders.

Cautionary Statement

This report contains forward looking statements that involve risks and uncertainties including, but not limited to, risk inherent in the company's growth strategy, acquisition plans, dependence on certain businesses, dependence on availability of qualified and trained manpower and other factors. Actual results, performances or achievements could differ materially from those expressed or implied in such forward looking statements. This report should be read in conjunction with the financial statements included herein and the notes thereto.



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SHEMAROO ENTERTAINMENT LIMITED,

REPORT ON THE FINANCIAL STATEMENTS:

We have audited the accompanying financial statements of Shemaroo Entertainment Limited ('the Company'), which comprise the Balance Sheet as at 31st March, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year ended and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ('the Act'). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION:

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give

the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
- b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2003 ('the Order'), as amended, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the *Annexure* a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956; and
 - e. on the basis of written representations received from the directors as on 31st March, 2014, and taken on record by the Board of Directors, none of the Directors are disqualified as on 31st March 2014 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For **M. K. Dandekar & Co.**
Chartered Accountants
 ICAI FRN: 000679S

K. J. Dandekar
 Partner
 Membership No. 18533

Mumbai
 Dated: 29th May, 2014

Annexure to Independent Auditor's Report

Referred to in Paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date to the members of Shemaroo Entertainment Limited

1. In respect of fixed assets:

- a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b. The Company has a program for physical verification of fixed assets at periodic intervals. In our opinion, the period of verification is reasonable having regard to the size of the Company and the nature of its fixed assets. No material discrepancies were noticed on such physical verifications.
- c. In our opinion, the Company has not disposed off any substantial part of its fixed assets during the period and the going concern status of the Company is not affected.

2. In respect of Inventories:

- a. As explained to us, inventories have been physically verified during the period by the management at reasonable intervals. In our opinion, the frequency of such verification is reasonable.
- b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c. The Company has maintained proper records of inventories. As explained to us, there were no material discrepancies noticed on such physical verification as compared to the book records.

3. In respect of the loans, secured or unsecured, granted or taken by the Company to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.

- a. The Company has granted unsecured loan to a party covered under the register maintained u/s 301 of the Companies Act, 1956. The total amount granted during the period was ₹147.47 lacs. The maximum amount involved during the year was ₹179.57 lacs and the year-end balance of loan granted to such party was ₹179.57 lacs.
- b. The Company has taken unsecured loans from Four parties covered in the register maintained under Section 301 of the Companies Act, 1956. The total amount taken during the year was ₹304.97 lacs. The maximum amount involved during the year was ₹1206.87 lacs and the year-end balance of loans taken from such parties were ₹391.20 lacs.

- c. In our opinion and according to information and explanations given to us, the rate of interest and other terms and conditions of the loans granted/ taken to/from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie prejudicial to the interest of the Company.
- d. The Company is regular in repaying the principal amounts as stipulated and has been regular in the payment of interest.

4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchases of inventory, fixed assets and for the sale of goods & services. During the course of our audit, we have not observed any major weakness in the internal control system.

5. In our opinion and according to the information and explanations given to us,

- a. The particulars of all contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
- b. The transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of rupees five lacs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

6. The Company has accepted deposits from the public and in our opinion and according to the information & explanations given to us, the directives issued by the Reserve Bank of India and the provisions of section 58A and 58AA and the relevant provisions of The Companies Act, 1956 and rules framed there under, where applicable, have been complied with.

7. In our opinion, the Company has an internal audit system commensurate with the size of the Company and the nature of its business.

8. According to the information and explanations given to us, the Company has made and maintained the cost accounting records, as prescribed by the Central Government under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956 read with The Companies (Cost Accounting Records) Rules, 2011.



9. Statutory Dues:

- a. According to the records of the Company, Provident Fund, Employees State Insurance, Income tax, Sales tax, Customs Duty, Service Tax, Excise Duty, Cess and other statutory dues to the extent applicable to the Company, there have been generally deposited regularly during the year, with the appropriate authorities with the exception of certain instances of late remittances of statutory dues noticed towards Income Tax since remitted.
 - b. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, sales tax, wealth tax, service tax and customs duty were in arrears, as at March 31, 2014 for a period of more than six months from the date they became payable.
10. The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.
 11. Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of any dues to banks or a financial institution.
 12. The Company has granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. In our opinion and according to the information and explanations given to us and based on the information available the Company has maintained adequate documents and records.
 13. In our opinion, the Company is not a chit fund or a nidhi, mutual benefit fund/society. Therefore, the provisions of clause (xiii) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
 14. In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause (xiv) of paragraph 4 of the Companies (Auditors Report) Order, 2003 are not applicable to the Company.
 15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions. Therefore,

provisions of Clause (xv) of paragraph 4 of the Companies (Auditor's report) Order, 2003 are not applicable to the Company.

16. According to the information and explanations given to us on an overall basis, the term loans have been applied for the purposes for which they were raised.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that funds raised on short term basis during the period have not been used for long term investments.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act.
19. The Company has not issued any debentures during the year and therefore, provisions of Clause (xix) of the paragraph 4 of the Companies (Auditor's report) Order, 2003 is not applicable to the Company.
20. The Company is a public limited company. However, being a non-listed public limited company, provisions of Clause (xx) of paragraph 4 of the Companies (Auditor's report) Order, 2003 relating to the disclosure on the end use of money raised by public issues are not applicable to the Company.
21. During the course of our examination of the books and records of the Company, carried out in accordance with generally accepted auditing practices in India, and according to the information and explanation given to us, we have neither come across any instances of material fraud on or by the Company, noticed or reported during the period, nor we have been informed of any such case by the management.

For M.K. Dandekar & Co.
Chartered Accountants
 ICAI FRN: 000679S

K.J. Dandekar
 Partner
 Membership No. 18533
 Mumbai
 Dated: 29th May, 2014



Balance Sheet

as at 31st March, 2014

| | | (₹ in lacs) | |
|--|---------|-------------------------|-------------------------|
| Particulars | Note | As at March 31, 2014 | As at March 31, 2013 |
| I. EQUITY AND LIABILITIES | | | |
| (1) Shareholder's Funds | | | |
| (a) Share Capital | 1 | 1,984.89 | 1,984.89 |
| (b) Reserves and Surplus | 2 | 15,760.38 | 13,092.40 |
| | | 17,745.27 | 15,077.29 |
| (2) Non-Current Liabilities | | | |
| (a) Long-term borrowings | 3 | 1,008.86 | 24.23 |
| (b) Deferred tax liability (Net) | 4 | 847.90 | 507.55 |
| (c) Long term provisions | 5 | 62.21 | 45.30 |
| | | 1,918.97 | 577.08 |
| (3) Current Liabilities | | | |
| (a) Short-term borrowings | 6 | 14,114.53 | 10,991.58 |
| (b) Trade payables | 7 | 2,975.22 | 898.66 |
| (c) Other current liabilities | 8 | 3,667.37 | 1,868.65 |
| (d) Short-term provisions | 9 | 892.15 | 425.45 |
| | | 21,649.27 | 14,184.34 |
| Total | | 41,313.51 | 29,838.71 |
| II. ASSETS | | | |
| (1) Non-current assets | | | |
| (a) Fixed assets | 10 | | |
| (i) Tangible assets | | 3,317.94 | 3,425.21 |
| (ii) Intangible assets | | 92.74 | 80.22 |
| (iii) Intangible assets under development | | - | 13.19 |
| (b) Non-current investments | 11 | 1,202.35 | 1,199.35 |
| (c) Long term loans and advances | 12 | 84.54 | 82.24 |
| (d) Trade Receivables | 13 | - | 330.54 |
| (e) Other non-current assets | 14 | 4.50 | 4.50 |
| | | 4,702.07 | 5,135.25 |
| (2) Current assets | | | |
| (a) Inventories | 15 | 19,801.10 | 14,646.74 |
| (b) Trade receivables | 16 | 13,988.17 | 7,093.80 |
| (c) Cash and cash equivalents | 17 | 59.49 | 100.68 |
| (d) Short-term loans and advances | 18 | 2,546.04 | 2,715.56 |
| (e) Other current assets | 19 | 216.63 | 146.69 |
| | | 36,611.44 | 24,703.47 |
| Total | | 41,313.51 | 29,838.71 |
| Significant Accounting Policies Notes to the Financial Statements | 1 to 37 | | |

As per our report of even date

For and on behalf of the Board

For M. K. Dandekar & Co.
Chartered Accountants
ICAI FRN: 000679S

Raman Maroo
Managing Director
DIN 00169152

Atul Maru
Jt. Managing Director
DIN 00169264

K.J. Dandekar
Partner
Membership No.: 18533

Ankit Singh
Company Secretary

Hiren Gada
Whole Time Director & Chief Financial Officer
DIN 01108194

Place : Mumbai
Date: 29th May, 2014

Place : Mumbai
Date : 29th May, 2014



Statement of Profit and Loss

for the year ended 31st March, 2014

(₹ in lacs)

| Particulars | Note | For the year ended March 31, 2014 | For the year ended March 31, 2013 |
|--|----------|--------------------------------------|--------------------------------------|
| INCOME | | | |
| Revenue from operations | 20 | 26,333.70 | 21,332.04 |
| Other Income | 21 | 134.24 | 134.84 |
| I. Total Revenue | | 26,467.93 | 21,466.88 |
| EXPENDITURE | | | |
| Direct Operational Expenses | 22 | 21,668.14 | 17,615.05 |
| Changes in inventories | 23 | (5,154.36) | (4,954.90) |
| Employee benefit expense | 24 | 1,794.01 | 1,593.54 |
| Financial costs | 25 | 1,922.80 | 1,830.79 |
| Depreciation and amortization expense | 10 | 296.27 | 298.09 |
| Other expenses | 26 | 1,511.56 | 1,340.06 |
| II. Total Expenses | | 22,038.42 | 17,722.63 |
| Profit before tax | (I - II) | 4,429.51 | 3,744.24 |
| Tax expense: | | | |
| (1) Current tax | | | |
| - Income Tax | | 1,293.25 | 1,253.62 |
| - Wealth Tax | | 0.89 | 0.96 |
| (2) Deferred tax | 4 | 340.34 | 21.22 |
| (3) Tax in respect of earlier years | | 10.95 | - |
| Profit for the year | | 2,784.08 | 2,468.45 |
| Earnings per equity share (Nominal value of ₹ 10 each) : | | | |
| Basic and Diluted (in ₹) | 1 | 14.03 | 12.44 |
| Significant Accounting Policies Notes to the Financial Statements | 1 to 37 | | |

As per our report of even date

For M. K. Dandekar & Co.
Chartered Accountants
ICAI FRN: 000679S

K.J. Dandekar
Partner
Membership No.: 18533

Place : Mumbai
Date: 29th May, 2014

For and on behalf of the Board

Raman Maroo
Managing Director
DIN 00169152

Ankit Singh
Company Secretary

Place : Mumbai
Date : 29th May, 2014

Atul Maru
Jt. Managing Director
DIN 00169264

Hiren Gada
Whole Time Director & Chief Financial Officer
DIN 01108194

Cash Flow Statement

for the year ended 31st March, 2014

(₹ in lacs)

| Particulars | For the year ended March 31, 2014 | For the year ended March 31, 2013 |
|---|--------------------------------------|--------------------------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES: | | |
| Net Profit Before Tax | 4,429.51 | 3,744.24 |
| Adjustments to reconcile profit before tax to cash provided by operating activities: | | |
| Depreciation & Amortisation expense | 296.27 | 298.09 |
| Financial Expenses | 1,922.80 | 1,830.79 |
| Interest Income | (65.47) | (96.10) |
| Dividend Income | (0.90) | (0.90) |
| (Profit) / Loss on sale of Fixed Assets | 0.08 | 0.55 |
| Unrealised Foreign Exchange (Gain)/Loss | (22.34) | 41.67 |
| Provision for Leave Encashment | 18.23 | (2.55) |
| Provision for Gratuity | 11.85 | - |
| Liabilities no longer required written back | 2.46 | 2.99 |
| Bad Debts written off | 2.30 | 31.07 |
| Operating Profit Before Working Capital Changes | 6,594.79 | 5,849.86 |
| Adjustments for changes in Working Capital | | |
| Trade & Other Receivables | (6,237.12) | 1,254.93 |
| Inventories | (5,154.36) | (4,954.90) |
| (Increase/ Decrease) in Trade & Other Payables | 3,890.60 | (1,538.48) |
| Cash Generated from Operations | (906.09) | 611.41 |
| Taxes (Paid) / Refund (Net) | (847.00) | (721.78) |
| Cash Flow from Operating Activities | (1,753.09) | (110.36) |
| B. CASH FLOW FROM INVESTING ACTIVITIES: | | |
| Proceeds from sale of fixed assets | 0.34 | 0.76 |
| Purchase of Fixed assets including Capital WIP and Intangible assets under development | (188.77) | (198.21) |
| Dividend Income | 0.90 | 0.90 |
| Interest Income | 65.47 | 96.10 |
| Investments made in Subsidiary Company | - | (100.00) |
| Investments made in bank shares | (3.00) | - |
| Loans given to subsidiaries | (161.78) | - |
| Cash flow from Investing Activities | (286.84) | (200.46) |



(₹ in lacs)

| Particulars | For the year ended March 31, 2014 | For the year ended March 31, 2013 |
|--|--------------------------------------|--------------------------------------|
| C. CASH FLOW FROM FINANCING ACTIVITIES: | | |
| Increase / (Decrease) of Long term Borrowings | 984.63 | (489.43) |
| Increase / (Decrease) of Short term Borrowings | 3,122.95 | 2,223.22 |
| Dividend Paid | (99.24) | (99.24) |
| Tax on Dividend Paid | (16.87) | (16.10) |
| Financial Expenses | (1,922.80) | (1,830.79) |
| Unamortised Expenses paid towards Fund Raising | (69.95) | (21.33) |
| Cash flow from Finanacing acitvites | 1,998.73 | (233.68) |
| D. NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | (41.19) | (544.50) |
| Cash & Cash Equivalents at the beginning (Refer Note 17) | 100.68 | 645.18 |
| Cash and Cash Equivalents acquired as per the Scheme of Amalgamation and Arrangement | | |
| Cash & Cash Equivalents at the End (Refer Note 17) | (59.49) | 100.68 |

As per our report of even date

For and on behalf of the Board

For M. K. Dandekar & Co.
Chartered Accountants
ICAI FRN: 000679S

Raman Maroo
Managing Director
DIN 00169152

Atul Maru
Jt. Managing Director
DIN 00169264

K.J. Dandekar
Partner
Membership No.: 18533

Ankit Singh
Company Secretary

Hiren Gada
Whole Time Director & Chief Financial Officer
DIN 01108194

Place : Mumbai
Date: 29th May, 2014

Place : Mumbai
Date : 29th May, 2014

1 Significant Accounting Policies

a. Basis of preparation

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

b. Use of estimates

The preparation and presentation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Differences between the actual results and estimates are recognised prospectively in the period in which results are known or materialised.

c. Tangible fixed assets

Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost including related internal costs of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. Adjustments arising from exchange rate variations attributable to the fixed assets are capitalised.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

d. Depreciation on tangible fixed assets

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management, or those prescribed under the Schedule XIV to the Companies Act, 1956, whichever is higher. Fixed assets individually costing Rs. 5,000 or less are fully depreciated in the year of acquisition. The company has used the following rates to provide depreciation on its fixed assets:

| | Rates (SLM) |
|---|-------------|
| Office Buildings | 1.63% |
| Plant and Equipments [Telecine Equipments] | 7.07% |
| Plant and Equipments [Data Processing Equip.] | 16.21% |
| Plant and Equipments [Others] | 4.75% |
| Furniture and Fixtures | 6.33% |
| Motor Vehicles | 9.50% |

e. Intangible assets

Intangible Assets are recorded at acquisition cost and in case of assets acquired on merger at their carrying values. Websites/Brands are recognised as Intangible Asset if it is expected that such assets will generate future economic benefits and amortised over their useful life not exceeding four/ten years or estimated useful life whichever is lower.

| | Rates (SLM) |
|-------------------|-------------|
| Computer Software | 16.21% |



f. Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur except Bill Discounting charges which are being carried forward on time proportion basis.

g. Impairment of assets

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss Account. If at the Balance Sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

h. Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired, by the issue of shares or other securities, the acquisition cost is the fair value of the securities issued. If an investment is acquired in exchange for another asset, the acquisition is determined by reference to the fair value of the asset given up or by reference to the fair value of the investment acquired, whichever is more clearly evident.

Current investments are carried in the financial statements at cost. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

i. Inventories

Projects in progress and movies under production are stated at cost. Cost comprises the cost of materials, the cost of services, labour and other expenses.

Raw Stock, Digital Video Discs/Compact Discs stock are stated at lower of cost or net realisable value.

The copyrights are valued at a certain percentage of cost based on the nature of rights. The Company evaluates the realisable value and/or revenue potential of inventory based on management estimate of market conditions and future demand and appropriate write down is made in cases where accelerated write down is warranted.

The borrowing costs directly attributable to a movie/game is capitalised as part of the cost.

j. Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Sale of goods

Revenue from sale of goods (ACDs/VCDs/DVDs/ACS/BRDs) is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods; net of returns, trade discounts and rebates. The company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the company. Hence, they are excluded from revenue.

Sale of rights

Sale of rights are recognised on the date of entering into agreement for the sale of the same, provided the Censor Certificate is in existence.

Income from services

Revenues from services are recognized when contractual commitments are delivered in full net of returns, trade discounts and rebates. The company collects service tax on behalf of the government and, therefore, it is not an economic benefit flowing to the company. Hence, it is excluded from revenue.

Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

Dividends

Dividend income is recognized when the company's right to receive dividend is established by the reporting date.

Others

Revenues relating to complete Feature Films are recognised in the year of release of feature films.

The cost of drama covering the cost of purchase of copyrights and shooting expenses is expensed out as a certain percentage of total cost.

Revenue pertaining to release of music of film is recognized on the date of its release.

k. Purchase of rights

In respect of satellite rights, as per the terms and conditions of the agreement with producer / seller, with respect to the date of agreement of purchase and the existence of Censor Certificate.

In respect of other rights like Video and other rights on the date of the agreement of purchase with producer /seller, provided the Censor Certificate is in existence.

l. Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and deposits with banks.

m. Foreign currency translation

Transactions denominated in foreign currency are recorded at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currency as at balance sheet date are converted at the exchange rate prevailing on such date. Exchange differences arising from such translation are recognized in the Statement of Profit and Loss A/c.

n. Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The contributions to the Employees provident fund and Employees pension fund are charged to the statement of profit and loss for the year when the contributions are due. The company has no obligation, other than the contribution payable to the provident fund.

Gratuity has been accounted on the basis of actuarial valuation and the contribution thereof paid / payable is charged to the Statement of Profit & Loss each year.

Leave encashment benefits have been accounted on the basis of actuarial valuation done. The Projected Unit Credit Method as stipulated by AS-15 has been used to determine liability as on 31st March 2013.

o. Income tax

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.



Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each reporting date, the company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

p. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

q. Provisions

A provision is recognized when the company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

r. Contingent Liabilities and Contingent Assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

Contingent Assets are not recognised in the financial statements since this may result in the recognition of income that may never realise.

s. Unamortised Expenses - Proposed Share Issue Expenses

The "Unamortised Expenses - Proposed Share Issue Expenses" includes various expenditure incurred by the Company towards proposed fund raising through public issue of equity shares of the Company (IPO). The said amount shall be written-off as per the provisions of the Companies Act, 1956.

Notes

(₹ in lacs), except as otherwise stated

| Particulars | As at 31 March, 2014 | As at 31 March, 2013 |
|--|-------------------------|-------------------------|
| Note 1 | | |
| Share Capital | | |
| <u>Authorised Share Capital:</u> | | |
| Equity shares, ₹10/- par value | | |
| 3,00,00,000 (Previous Year 3,00,00,000) Equity Shares | 3,000.00 | 3,000.00 |
| <u>Issued, Subscribed and Paid - up</u> | | |
| Equity shares, ₹10/- par value | | |
| 1,98,48,904 (Previous Year 1,98,48,904) Equity Shares fully paid up. | 1,984.89 | 1,984.89 |
| Total | 1,984.89 | 1,984.89 |

The Company has only one class of shares referred to as equity shares having a par value of ₹10 per share. Each shareholder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to approval of shareholders, except in case of interim dividend. In the event of liquidation, the share holders are eligible to receive the remaining assets of the Company, after distribution of all preferential amounts, in proportion of their shareholding.

i) **The reconciliation of the number of shares outstanding is set out below:**

| Particulars | As at 31 March, 2014 | | As at 31 March, 2013 | |
|--|----------------------|-----------------|----------------------|-----------------|
| | Number | (₹ in lacs) | Number | (₹ in lacs) |
| Shares outstanding at the beginning of the year | 19,848,904 | 1,984.89 | 19,848,904 | 1,984.89 |
| Shares Issued during the year | - | - | - | - |
| Shares outstanding at the end of the year | 19,848,904 | 1,984.89 | 19,848,904 | 1,984.89 |

ii) **Details of shareholders holding more than 5% shares:-**

| Name of Shareholder | Equity Shares | | | |
|--------------------------------------|-----------------------|-----------------|-----------------------|-----------------|
| | As at 31 March, 2014 | | As at 31 March, 2013 | |
| | No. of Shares held | % of Holding | No. of Shares held | % of Holding |
| Mr. Raman Maroo | 4,809,520 | 24.23 | 4,809,520 | 24.23 |
| Mr. Atul Maru | 4,809,520 | 24.23 | 4,809,520 | 24.23 |
| Mr. Buddhichand Maroo | 3,575,320 | 18.01 | 3,575,320 | 18.01 |
| Technology And Media Group Pte. Ltd. | 1,822,840 | 9.18 | 1,822,840 | 9.18 |
| Mr. Hiren Gada | 1,640,520 | 8.27 | 1,640,520 | 8.27 |
| Mr. Jai Maroo | 1,234,200 | 6.22 | 1,234,200 | 6.22 |
| Total Shareholding | 17,891,920 | 90.14 | 17,891,920 | 90.14 |

iii) **For the period of five years immediately preceding the date as at which the Balance Sheet is prepared :**

- Aggregate number of shares allotted as fully paid-up pursuant to the contracts without payment being received in cash is NIL
- 1,48,86,678 equity shares were issued as bonus on 29th August, 2011 in the ratio of 3:1 and 41,10,372 equity shares were issued as bonus on 26th March, 2011 in the ratio of 9:1.
- Aggregate number of shares bought back is NIL



(₹ in lacs), except as otherwise stated

Earnings Per Share (EPS)

| | As at 31 March, 2014 | As at 31 March, 2013 |
|--|-------------------------|-------------------------|
| Net Profit after tax as per Statement of Profit and Loss attributable to Equity Shareholders (₹ in lacs) | 2,784.08 | 2,468.45 |
| Weighted Average number of equity shares used as denominator for calculating EPS | 19,848,904 | 19,848,904 |
| Basic and Diluted Earnings per share (Previous Year) | 14.03 | 12.44 |
| Face Value per equity share | 10.00 | 10.00 |

| Particulars | As at 31 March, 2014 | As at 31 March, 2013 |
|---|-------------------------|-------------------------|
| Note 2 | | |
| Reserves & Surplus | | |
| a. Securities Premium Account | | |
| As per last Balance Sheet | 4,213.50 | 4,213.50 |
| | 4,213.50 | 4,213.50 |
| b. General Reserve | | |
| As per last Balance Sheet | 1,800.11 | 1,738.40 |
| Add: Transferred from surplus in Statement of Profit and Loss | 69.60 | 61.71 |
| | 1,869.72 | 1,800.11 |
| c. Surplus | | |
| As per last Balance Sheet | 7,078.79 | 4,788.16 |
| (+) Profit for the year | 2,784.08 | 2,468.45 |
| Amount available for Appropriation | 9,862.87 | 7,256.61 |
| Appropriations: | | |
| (-) Transfer to General reserve | (69.60) | (61.71) |
| (-) Proposed Dividend | (99.24) | (99.24) |
| (-) Tax on Proposed Dividend | (16.87) | (16.87) |
| | 9,677.16 | 7,078.79 |
| Total | 15,760.38 | 13,092.40 |

| Particulars | As at 31 March, 2014 | As at 31 March, 2013 |
|-----------------------------|-------------------------|-------------------------|
| Note 3 | | |
| Long-term borrowings | | |
| (a) Term loans | | |
| From banks | | |
| Secured | 8.86 | 24.23 |
| | 8.86 | 24.23 |
| (b) Film Financing | | |
| Secured | 1,000.00 | - |
| | 1,000.00 | - |
| Total | 1,008.86 | 24.23 |

(₹ in lacs), except as otherwise stated

Nature of Security and terms of repayment for Long Term secured borrowings:

| Nature of Security | Terms of Repayment |
|--|---|
| (i) Term loans from bank amounting to ₹8.86 lacs (March 31, 2013: ₹24.23 lacs) is secured by hypothecation of the motor vehicles against which loan has been taken. | Repayable in equal monthly installments commencing as per repayment schedule of the bank. |
| (ii) Film Financing from bank amounting to ₹1000 lacs (March 31, 2013: ₹NIL) is secured by first charge on all tangible and intangible assets at present and future, all revenues and receivables of the specified film negatives and personal guarantee of two promoter directors. | Repayment to be made on or before the release of the specified film, but not later than 24 months from the date of first advance. |

| Particulars | As at 31 March, 2014 | As at 31 March, 2013 |
|---|-------------------------|-------------------------|
| Note 4 | | |
| Deferred Tax Liability | | |
| Related to Fixed Assets | 545.90 | 507.55 |
| Allowances under the Income Tax Act, 1961 | 302.00 | - |
| Total | 847.90 | 507.55 |

| Particulars | As at 31 March, 2014 | As at 31 March, 2013 |
|--------------------------------|-------------------------|-------------------------|
| Note 5 | | |
| Long Term Provisions | | |
| Provision for leave Encashment | 62.21 | 45.30 |
| Total | 62.21 | 45.30 |

| Particulars | As at 31 March, 2014 | As at 31 March, 2013 |
|--|-------------------------|-------------------------|
| Note 6 | | |
| Short-term borrowings | | |
| (a) Working Capital Loans from Banks (Secured) | 9,625.76 | 7,583.30 |
| [Secured by hypothecation of stock, book debts and collaterally secured by mortgage of property owned by the company and personal guarantee of some of the directors of the company] | | |
| | 9,625.76 | 7,583.30 |
| (b) Bank Overdraft | | |
| Unsecured | 1,138.57 | 764.27 |
| | 1,138.57 | 764.27 |
| (c) Loans and Advances (Unsecured) | | |
| - Directors | 375.45 | 795.75 |
| - Inter Corporate Deposits | 1,803.00 | 280.00 |
| - Related Parties | 15.75 | 248.25 |
| - Others | 1,156.00 | 1,320.00 |
| | 3,350.20 | 2,644.00 |
| Total | 14,114.53 | 10,991.58 |

(₹ in lacs), except as otherwise stated

| Particulars | As at 31 March, 2014 | As at 31 March, 2013 |
|--|-------------------------|-------------------------|
| Note 7 | | |
| Trade payables | | |
| Trade Payables | 2,975.22 | 898.66 |
| (refer note no 33 with respect to dues to micro and small enterprises) | | |
| Total | 2,975.22 | 898.66 |

| Particulars | As at 31 March, 2014 | As at 31 March, 2013 |
|---|-------------------------|-------------------------|
| Note 8 | | |
| Other current liabilities | | |
| (a) Current Maturities of Long-Term debt (Secured) | | |
| Term Loan from Banks | 15.37 | 19.47 |
| (b) Short Term Loan / Film Financing | | |
| Secured | 3,180.00 | 1,200.00 |
| (c) Creditors for Capital Expenditure | 38.48 | 7.33 |
| (d) Interest Accrued and due | 46.00 | 80.28 |
| (e) Others* | 387.53 | 561.58 |
| * (includes Advance from customers, creditors for expenditure, deposit received, withholding and other taxes payables and other payables) | | |
| Total | 3,667.37 | 1,868.65 |

Nature of Security and terms of repayment for Long Term secured borrowings:

| Nature of Security | Terms of Repayment |
|--|---|
| i) Term loans from bank amounting to ₹15.37 lacs (March 31, 2013: ₹19.47 lacs) is secured by hypothecation of the motor vehicles against which loan has been taken. | Repayable in equal monthly installments commencing as per repayment schedules of the banks. |
| ii) Short Term Loan / Film financing from bank amounting to ₹3180 lacs (March 31, 2013: ₹1200 Lacs) is secured by lien on Third Party FMPs / Debt mutual funds, hypothecation of specified negative prints and intellectual property rights, book debts / film negatives, personal guarantee of Directors | Repayable at the end of 12 months from the date of first disbursal. |

| Particulars | As at 31 March, 2014 | As at 31 March, 2013 |
|---|-------------------------|-------------------------|
| Note 9 | | |
| Short-term provisions | | |
| (a) Provision for Employee Benefits | | |
| Provision for Group Gratuity | 11.85 | - |
| Provision for leave Encashment | 3.72 | 2.39 |
| Provision for E S I C | 0.68 | 0.91 |
| Provident Fund | 5.89 | 6.02 |
| Maharashtra Labour Welfare Fund | 0.01 | 0.02 |
| | 22.16 | 9.34 |
| (b) Other Provisions | | |
| Provision for tax (Net of Advance Tax) | 752.99 | 299.04 |
| Proposed Equity Dividend | 99.24 | 99.24 |
| Provision for Tax on Proposed Equity Dividend | 16.87 | 16.87 |
| Provision for Wealth Tax | 0.89 | 0.96 |
| | 869.99 | 416.11 |
| Total | 892.15 | 425.45 |

(₹ in lacs), except as otherwise stated

| Particulars | Gross Block | | | | Depreciation | | | | Net Block | |
|--|---------------------|---------------|-------------|---------------------|---------------------|-----------------|-------------|---------------------|---------------------|---------------------|
| | As on 01-04-2013 | Additions | Deductions | As on 31-03-2014 | As on 01-04-2013 | For the year | Deductions | As on 31-03-2014 | As on 31-03-2014 | As on 31-03-2013 |
| Note 10: Fixed Assets | | | | | | | | | | |
| Tangible Assets | | | | | | | | | | |
| Office Building* | 967.50 | 14.46 | - | 981.96 | 142.05 | 15.95 | - | 158.01 | 823.95 | 825.45 |
| Plant & Machinery | 3,931.05 | 145.27 | 0.53 | 4,075.79 | 1,711.12 | 198.64 | 0.10 | 1,909.66 | 2,166.13 | 2,219.93 |
| Furniture & Fixtures | 414.96 | - | - | 414.96 | 206.24 | 26.27 | - | 232.51 | 182.45 | 208.72 |
| Motor Vehicle | 277.98 | 0.62 | - | 278.61 | 106.88 | 26.32 | - | 133.20 | 145.41 | 171.10 |
| Total Tangible Assets (A) | 5,591.50 | 160.34 | 0.53 | 5,751.32 | 2,166.29 | 267.18 | 0.10 | 2,433.37 | 3,317.94 | 3,425.21 |
| Intangible Assets | | | | | | | | | | |
| Software | 186.55 | 41.62 | - | 228.17 | 106.33 | 29.09 | - | 135.42 | 92.74 | 80.22 |
| Total In-Tangible Assets (B) | 186.55 | 41.62 | - | 228.17 | 106.33 | 29.09 | - | 135.42 | 92.74 | 80.22 |
| Total Assets (A) + (B) | 5,778.05 | 201.96 | 0.53 | 5,979.48 | 2,272.63 | 296.27 | 0.10 | 2,569.80 | 3,410.69 | 3,505.42 |
| Previous Year | | | | | | | | | | |
| Tangible Assets | 5,420.48 | 175.17 | 4.15 | 5,591.50 | 1,896.68 | 272.45 | 2.84 | 2,166.30 | 3,425.20 | 3,523.80 |
| Intangible Assets | 169.96 | 16.58 | - | 186.55 | 80.69 | 25.64 | - | 106.33 | 80.22 | 89.27 |
| Previous Year | 5,590.44 | 191.75 | 4.15 | 5,778.05 | 1,977.37 | 298.09 | 2.84 | 2,272.63 | 3,505.42 | 3,613.07 |
| Intangible assets under development | | | | | | | | | - | 13.19 |

*Office Building Include ₹98,000 (Previous Year ₹98,000) in shares of Co-operative Housing Societies with right to hold and use certain area of Buildings.

| Particulars | As at 31 March, 2014 | As at 31 March, 2013 |
|--|-------------------------|-------------------------|
| Note 11 | | |
| Non-current investments | | |
| Long Term Investments | | |
| (a) Trade Investments (valued at cost) | | |
| Unquoted equity instruments | | |
| - Investment in Subsidiary Companies* | | |
| i) Shemaroo Entertainment INC, USA | 4.08 | 4.08 |
| 200 (Previous Year: 200) Equity shares of no par value | | |
| ii) Shemaroo Entertainment (UK) Private Ltd. | 26.88 | 26.88 |
| 3600 (Previous Year: 3600) Equity shares of GBP 10/- each fully paid-up | | |
| iii) Shemaroo Films Private Limited | 100.00 | 100.00 |
| 1000000 (Previous Year: NIL) Equity shares of ₹10/- each fully paid-up | | |
| *(refer note no 27) | | |
| - Investment in Associate Company* | | |
| Vistaas Digital Media Private Limited | 1,061.39 | 1,061.39 |
| 45000 (Previous Year: 45000) Equity shares of ₹10/- each fully paid-up | | |
| *(refer note no 27) | | |
| | 1,192.35 | 1,192.35 |
| (b) Other Investments (valued at cost) | | |
| i) 50,000 (Previous Year 20,000) Equity shares of ₹10/- each fully paid-up of The N.K.G.S.B. Co-op. Bank Ltd. | 5.00 | 2.00 |
| ii) 20,000 (Previous Year 20,000) Equity shares of ₹25/- each fully paid-up of The Shamrao Vithal Co-op. Bank Ltd. | 5.00 | 5.00 |
| | 10.00 | 7.00 |
| Total | 1,202.35 | 1,199.35 |
| Aggregate amount of unquoted investments | 1202.35 | 1199.35 |

(₹ in lacs), except as otherwise stated

| Particulars | As at 31 March, 2014 | As at 31 March, 2013 |
|-------------------------------------|-------------------------|-------------------------|
| Note 12 | | |
| Long term loans and advances | | |
| (a) Security Deposit | | |
| Unsecured Considered Good | 78.76 | 75.01 |
| | 78.76 | 75.01 |
| (b) Other loans and advances | | |
| Loans to employees | 1.86 | 7.23 |
| Prepaid Expenses | 3.91 | - |
| | 5.77 | 7.23 |
| Total | 84.54 | 82.24 |

| Particulars | As at 31 March, 2014 | As at 31 March, 2013 |
|---------------------------------------|-------------------------|-------------------------|
| Note 13 | | |
| Trade Receivable - Non Current | | |
| Unsecured, Considered good | - | 330.54 |
| Total | - | 330.54 |

| Particulars | As at 31 March, 2014 | As at 31 March, 2013 |
|---|-------------------------|-------------------------|
| Note 14 | | |
| Other non-current assets | | |
| Non-Current bank balances | 4.50 | 4.50 |
| In Fixed Deposit (Maturity more than 12 months) | | |
| Total | 4.50 | 4.50 |

| Particulars | As at 31 March, 2014 | As at 31 March, 2013 |
|-----------------------------|-------------------------|-------------------------|
| Note 15 | | |
| Inventories | | |
| (a) Copyrights | 19,392.65 | 13,533.68 |
| (b) Movies under Production | 222.96 | 906.40 |
| (c) DVDs, VCDs & ACDs | 185.49 | 206.67 |
| Total | 19,801.10 | 14,646.74 |

| Particulars | As at 31 March, 2014 | As at 31 March, 2013 |
|--|-------------------------|-------------------------|
| Note 16 | | |
| Trade Receivable - Current | | |
| Unsecured, Considered good unless otherwise stated | | |
| (a) More than six months | 644.37 | 689.59 |
| (b) Other receivables | 13,343.80 | 6,404.21 |
| Total | 13,988.17 | 7,093.80 |

(₹ in lacs), except as otherwise stated

| Particulars | As at 31 March, 2014 | As at 31 March, 2013 |
|---|-------------------------|-------------------------|
| Note 17 | | |
| Cash and cash equivalents | | |
| (a) Balances with Bank | | |
| On Current Accounts | 20.98 | 66.45 |
| (b) Cash on Hand | 12.90 | 22.26 |
| (c) Other Balances with Bank | | |
| Deposit with maturity of Less than 12 months but more than 3 months | 23.56 | 10.87 |
| Deposit with maturity of more than 12 months | 2.06 | 1.10 |
| Total | 59.49 | 100.68 |

| Particulars | As at 31 March, 2014 | As at 31 March, 2013 |
|---|-------------------------|-------------------------|
| Note 18 | | |
| Short-term loans and advances | | |
| (a) Loans and advances to related parties | | |
| Unsecured Considered Good (refer note no. 27) | 179.57 | 17.79 |
| (b) Other loans and advances | | |
| Withholding and Other Taxes Receivable | 161.36 | 156.61 |
| Advances paid for Supply of Goods and Rendering of Services | 1,488.00 | 2,133.44 |
| Balance with Customs, Central Excise Authorities | 106.91 | 106.91 |
| Prepaid Expenses | 60.10 | 85.94 |
| Loans to employees | 23.45 | 25.35 |
| Loans to Others | 526.64 | 189.53 |
| Total | 2,546.04 | 2,715.56 |

| Particulars | As at 31 March, 2014 | As at 31 March, 2013 |
|--|-------------------------|-------------------------|
| Note 19 | | |
| Other current assets | | |
| Unamortised Expenses - Proposed Share Issue Expenses | 216.63 | 146.69 |
| Total | 216.63 | 146.69 |

| Particulars | Year ended 31st March, 2014 | Year ended 31 March, 2013 |
|--------------------------------|--------------------------------|------------------------------|
| Note 20 | | |
| Revenue from operations | | |
| (a) Sale of Rights | 24,297.89 | 19,095.32 |
| (b) Sale of Products | 1,224.24 | 1,554.08 |
| (c) Income from Services | 664.10 | 610.74 |
| (d) Other Operating Revenue | 147.47 | 71.89 |
| Total | 26,333.70 | 21,332.04 |



(₹ in lacs), except as otherwise stated

| Particulars | Year ended 31st March, 2014 | Year ended 31 March, 2013 |
|---|--------------------------------|------------------------------|
| Note 21 | | |
| Other Income | | |
| (a) Interest | 65.47 | 96.10 |
| (b) Dividend | 0.90 | 0.90 |
| (c) Foreign Exchange Fluctuation Gain (net) | 60.91 | 33.54 |
| (d) Others | 6.95 | 4.31 |
| Total | 134.24 | 134.84 |

| Particulars | Year ended 31st March, 2014 | Year ended 31 March, 2013 |
|------------------------------------|--------------------------------|------------------------------|
| Note 22 | | |
| Direct Operational Expenses | | |
| (a) Purchases | 20,856.76 | 16,919.26 |
| (b) Works Cost | 811.38 | 695.78 |
| Total | 21,668.14 | 17,615.05 |

| Particulars | Year ended 31st March, 2014 | Year ended 31 March, 2013 |
|-----------------------------------|--------------------------------|------------------------------|
| Note 23 | | |
| Change in Inventories | | |
| (a) Inventories (at close) | 19,801.10 | 14,646.74 |
| (b) Inventories (at commencement) | 14,646.74 | 9,691.84 |
| Total | (5,154.36) | (4,954.90) |

(₹ in lacs), except as otherwise stated

| Particulars | Year ended 31st March, 2014 | Year ended 31 March, 2013 |
|---|--------------------------------|------------------------------|
| Note 24 | | |
| Employee benefit expense | | |
| Salaries, Bonus and Allowances | 1,695.38 | 1,519.48 |
| Contribution to Provident & Other funds | 68.98 | 47.62 |
| Staff Welfare Expenses | 29.65 | 26.44 |
| Total | 1,794.01 | 1,593.54 |

| Particulars | Year ended 31st March, 2014 | Year ended 31 March, 2013 |
|------------------------------|--------------------------------|------------------------------|
| Note 25 | | |
| Financial costs | | |
| Interest expense | | |
| Borrowings | 1,869.52 | 1,783.43 |
| Other Borrowing Costs | | |
| Bank & Other Finance Charges | 53.28 | 33.88 |
| Bill Discounting Charges | - | 13.49 |
| Total | 1,922.80 | 1,830.79 |

(₹ in lacs), except as otherwise stated

| Particulars | Year ended 31st March, 2014 | Year ended 31 March, 2013 |
|--|--------------------------------|------------------------------|
| Note 26 | | |
| Other expenses | | |
| Bad debts written off | 2.30 | 31.07 |
| Business Development Expenses | 84.59 | 46.76 |
| Communication Expenses | 42.52 | 38.01 |
| Directors Fees | 5.00 | 4.60 |
| Donations | 25.92 | 28.63 |
| Electricity Expenses | 143.48 | 114.79 |
| Interest on Government Dues | 0.56 | 19.71 |
| General Expenses | 228.97 | 211.58 |
| Insurance Charges | 62.33 | 49.21 |
| Legal, Professional and Consultancy Fees | 169.32 | 215.48 |
| Auditors Remuneration | 9.25 | 5.75 |
| Rents, Rates and Taxes | 37.95 | 48.23 |
| Repairs and Maintenance | | |
| Repairs and maintenance - Machinery | 57.60 | 51.32 |
| Repairs and maintenance - Others | 94.18 | 90.23 |
| Security Charges | 30.49 | 28.71 |
| Selling Expenses | 408.54 | 247.04 |
| Travelling & Conveyance | 108.46 | 108.38 |
| Loss on Sale of Fixed Assets | 0.08 | 0.55 |
| Total | 1,511.56 | 1,340.06 |



27 Related party disclosures

a Names of related parties and description of relationship

| | |
|---|--|
| Subsidiaries: | <p>Shemaroo Entertainment INC, USA Shemaroo Entertainment (UK) Private Ltd. Shemaroo Films Private Limited</p> |
| Key Management Personnel: | <p>Mr. Buddhichand Maroo Mr. Raman Maroo Mr. Atul Maru Mr. Jai Maroo Mr. Hiren Gada Mr. Vinod Karani Mr. Hemant Karani Mr. Bipin Dharod Mr. Ketan Maru Mr. Harakhchand Gada Mrs. Kranti Gada Mrs. Smita Maroo Ms. Mansi Maroo</p> |
| Relatives of Key Management Personnel: | <p>Mrs. Leelaben Maroo (wife of Mr. Buddhichand Maroo) Mrs. Kastur Maroo (wife of Mr. Raman Maroo) Mrs. Sangeeta Maru (wife of Mr. Atul Maru) Mrs. Radhika Maroo (daughter of Mr. Raman Maroo) Ms. Nirvi Maru (daughter of Mr. Atul Maru) Ms. Urvi Maru (daughter of Mr. Atul Maru) Mrs. Madhuri Gada (wife of Mr. Hiren Gada)</p> |
| Entities having Common Control: | <p>Atul H. Maru (HUF) Buddhichand H. Maroo (HUF) Raman H. Maroo (HUF) Shemaroo Corporation Sneha Arts Shemaroo Holdings Private Limited Think Walnut Digital Private Limited Technology and Media Group PTE. Ltd. Taurean Estate Development LLP</p> |
| Associate Company: | <p>Vistaas Digital Media Private Limited</p> |

b. The Nature of significant related party transactions and the amounts involved are as follows: -

| Particulars | Subsidiaries As on | | Key Management Personnel As on | | Relatives of Key Management Personnel As on | | Entities having common control As on | | Associate Company As on | | Total As on | |
|---|--------------------|----------|--------------------------------|----------|---|----------|--------------------------------------|----------|-------------------------|----------|-------------|----------|
| | Mar 2014 | Mar 2013 | Mar 2014 | Mar 2013 | Mar 2014 | Mar 2013 | Mar 2014 | Mar 2013 | Mar 2014 | Mar 2013 | Mar 2014 | Mar 2013 |
| Purchase of Goods & Services | - | - | - | - | - | - | 162.90 | 169.10 | 83.28 | 35.34 | 246.18 | 204.44 |
| Sneha Arts | - | - | - | - | - | - | 58.89 | 100.00 | - | - | 58.89 | 100.00 |
| Think Walnut Digital Private Limited | - | - | - | - | - | - | 104.01 | 69.10 | - | - | 104.01 | 69.10 |
| Vistaas Digital Media Private Limited | - | - | - | - | - | - | - | - | 83.28 | 35.34 | 83.28 | 35.34 |
| Sale of Goods & Services | 55.21 | 5.22 | - | - | - | - | - | - | - | - | 55.21 | 5.22 |
| Shemaroo Entertainment (UK) Pvt. Ltd. | 55.21 | 5.22 | - | - | - | - | - | - | - | - | 55.21 | 5.22 |
| Dividend | - | - | 91.14 | 91.14 | - | - | - | - | - | - | 91.14 | 91.14 |
| Buddhichand Maroo | - | - | 17.88 | 17.88 | - | - | - | - | - | - | 17.88 | 17.88 |
| Raman Maroo | - | - | 24.05 | 24.05 | - | - | - | - | - | - | 24.05 | 24.05 |
| Atul Maru | - | - | 24.05 | 24.05 | - | - | - | - | - | - | 24.05 | 24.05 |
| Jai Maroo | - | - | 6.17 | 6.17 | - | - | - | - | - | - | 6.17 | 6.17 |
| Hiren Gada | - | - | 8.20 | 8.20 | - | - | - | - | - | - | 8.20 | 8.20 |
| Vinod Karani | - | - | 0.57 | 0.57 | - | - | - | - | - | - | 0.57 | 0.57 |
| Hemant Karani | - | - | 0.33 | 0.33 | - | - | - | - | - | - | 0.33 | 0.33 |
| Bipin Dharod | - | - | 0.21 | 0.21 | - | - | - | - | - | - | 0.21 | 0.21 |
| Ketan Maru | - | - | 0.41 | 0.41 | - | - | - | - | - | - | 0.41 | 0.41 |
| Harakhchand Gada | - | - | 0.16 | 0.16 | - | - | - | - | - | - | 0.16 | 0.16 |
| Technology and Media Group PTE. Ltd. | - | - | 9.11 | 9.11 | - | - | - | - | - | - | 9.11 | 9.11 |
| Salaries | - | - | 152.49 | 143.39 | 12.86 | 12.07 | - | - | - | - | 165.35 | 155.46 |
| Bipin Dharod | - | - | 18.12 | 18.15 | - | - | - | - | - | - | 18.12 | 18.15 |
| Hemant Karani | - | - | 24.03 | 24.07 | - | - | - | - | - | - | 24.03 | 24.07 |
| Ketan Maroo | - | - | 22.07 | 22.18 | - | - | - | - | - | - | 22.07 | 22.18 |
| Harakhchand Gada | - | - | 16.95 | 11.30 | - | - | - | - | - | - | 16.95 | 11.30 |
| Vinod Karani | - | - | 29.95 | 30.11 | - | - | - | - | - | - | 29.95 | 30.11 |
| Smita Maroo | - | - | 29.42 | 29.51 | - | - | - | - | - | - | 29.42 | 29.51 |
| Mansi Maroo | - | - | 4.48 | 4.49 | - | - | - | - | - | - | 4.48 | 4.49 |
| Madhuri Gada | - | - | - | - | 9.51 | 9.53 | - | - | - | - | 9.51 | 9.53 |
| Nirvi Maru | - | - | - | - | 3.35 | 2.53 | - | - | - | - | 3.35 | 2.53 |
| Kranti Gada | - | - | 7.47 | 3.59 | - | - | - | - | - | - | 7.47 | 3.59 |
| Directors Sitting Fees | - | - | 1.20 | 1.00 | - | - | - | - | - | - | 1.20 | 1.00 |

b. The Nature of significant related party transactions and the amounts involved are as follows: -

(₹ in lacs), except as otherwise stated

| Particulars | Subsidiaries As on | | Key Management Personnel As on | | Relatives of Key Management Personnel As on | | Entities having common control As on | | Associate Company As on | | Total As on | |
|---|--------------------|---------------|--------------------------------|-----------------|---|----------|--------------------------------------|--------------|-------------------------|----------|---------------|-----------------|
| | Mar 2014 | Mar 2013 | Mar 2014 | Mar 2013 | Mar 2014 | Mar 2013 | Mar 2014 | Mar 2013 | Mar 2014 | Mar 2013 | Mar 2014 | Mar 2013 |
| Jai Maroo | - | - | 0.40 | 0.20 | - | - | - | - | - | - | 0.40 | 0.20 |
| Buddhichand Maroo | - | - | 0.80 | 0.80 | - | - | - | - | - | - | 0.80 | 0.80 |
| Remuneration to Directors | - | - | 116.35 | 115.21 | - | - | - | - | - | - | 116.35 | 115.21 |
| Raman Maroo | - | - | 42.11 | 41.50 | - | - | - | - | - | - | 42.11 | 41.50 |
| Atul Maru | - | - | 42.11 | 41.50 | - | - | - | - | - | - | 42.11 | 41.50 |
| Hiren Gada | - | - | 32.12 | 32.21 | - | - | - | - | - | - | 32.12 | 32.21 |
| Interest Paid (on Loans) | - | - | 57.72 | 58.38 | - | - | 4.70 | 29.27 | - | - | 62.42 | 87.65 |
| Raman Maroo | - | - | 21.94 | 11.90 | - | - | - | - | - | - | 21.94 | 11.90 |
| Atul Maru | - | - | 18.01 | 10.92 | - | - | - | - | - | - | 18.01 | 10.92 |
| Hiren Gada | - | - | 0.63 | 0.63 | - | - | - | - | - | - | 0.63 | 0.63 |
| Buddhichand Maroo | - | - | 3.09 | 19.94 | - | - | - | - | - | - | 3.09 | 19.94 |
| Jai Maroo | - | - | 12.08 | 12.66 | - | - | - | - | - | - | 12.08 | 12.66 |
| Smita Maroo | - | - | 1.97 | 2.34 | - | - | - | - | - | - | 1.97 | 2.34 |
| Atul H. Maru (HUF) | - | - | - | - | - | - | 0.77 | 4.95 | - | - | 0.77 | 4.95 |
| Buddhichand H. Maroo (HUF) | - | - | - | - | - | - | 1.95 | 12.19 | - | - | 1.95 | 12.19 |
| Raman H. Maroo (HUF) | - | - | - | - | - | - | 1.98 | 12.13 | - | - | 1.98 | 12.13 |
| Advances / Loans Given during the year | 353.92 | 8.27 | - | - | - | - | - | - | - | - | 353.92 | 8.27 |
| Shemaroo Entertainment (UK) Pvt. Ltd. | 147.47 | 8.27 | - | - | - | - | - | - | - | - | 147.47 | 8.27 |
| Shemaroo Films Private Limited | 206.44 | - | - | - | - | - | - | - | - | - | 206.44 | - |
| Loans Taken during the year | - | - | 304.97 | 1,272.75 | - | - | - | 29.00 | - | - | 304.97 | 1,301.75 |
| Atul Maru | - | - | 124.21 | 659.00 | - | - | - | - | - | - | 124.21 | 659.00 |
| Buddhichand Maroo | - | - | - | 14.00 | - | - | - | - | - | - | - | 14.00 |
| Jai Maroo | - | - | 21.30 | 10.00 | - | - | - | - | - | - | 21.30 | 10.00 |
| Raman Maroo | - | - | 158.46 | 578.00 | - | - | - | - | - | - | 158.46 | 578.00 |
| Smita Jai Maroo | - | - | - | 1.75 | - | - | - | - | - | - | - | 1.75 |
| Atul H. Maru (HUF) | - | - | - | - | - | - | - | 4.00 | - | - | - | 4.00 |
| Buddhichand H. Maroo (HUF) | - | - | - | - | - | - | - | 10.00 | - | - | - | 10.00 |
| Raman H. Maroo (HUF) | - | - | - | - | - | - | - | 15.00 | - | - | - | 15.00 |
| Hiren Gada | - | - | 1.00 | 10.00 | - | - | - | - | - | - | 1.00 | 10.00 |
| Investments done during the year | - | 100.00 | - | - | - | - | - | - | - | - | - | 100.00 |
| Shemaroo Films Private Limited | - | 100.00 | - | - | - | - | - | - | - | - | - | 100.00 |

b. The Nature of significant related party transactions and the amounts involved are as follows: -

| Particulars | Subsidiaries As on | | Key Management Personnel As on | | Relatives of Key Management Personnel As on | | Entities having common control As on | | Associate Company As on | | Total As on | |
|---|--------------------|-------------|--------------------------------|-------------|---|-------------|--------------------------------------|-------------|-------------------------|-------------|-------------|-------------|
| | Mar 2014 | Mar 2013 | Mar 2014 | Mar 2013 | Mar 2014 | Mar 2013 | Mar 2014 | Mar 2013 | Mar 2014 | Mar 2013 | Mar 2014 | Mar 2013 |
| | (₹ in lacs) | (₹ in lacs) | (₹ in lacs) | (₹ in lacs) | (₹ in lacs) | (₹ in lacs) | (₹ in lacs) | (₹ in lacs) | (₹ in lacs) | (₹ in lacs) | (₹ in lacs) | (₹ in lacs) |
| Other Income | - | - | - | - | - | - | 1.50 | 1.32 | - | - | 1.50 | 1.32 |
| Shemaroo Corporation | - | - | - | - | - | - | 1.50 | 1.32 | - | - | 1.50 | 1.32 |
| Dues from Related Parties | 224.19 | 19.16 | 11.26 | 14.50 | - | - | 0.14 | - | - | - | 235.59 | 33.66 |
| Shemaroo Entertainment INC, USA | 1.23 | 1.37 | - | - | - | - | - | - | - | - | 1.23 | 1.37 |
| Shemaroo Entertainment (UK) Pvt. Ltd. | 222.96 | 17.79 | - | - | - | - | - | - | - | - | 222.96 | 17.79 |
| Vinod Karani | - | - | 11.26 | 9.50 | - | - | - | - | - | - | 11.26 | 9.50 |
| Ketan Maroo | - | - | - | 5.00 | - | - | - | - | - | - | - | 5.00 |
| Shemaroo Corporation | - | - | - | - | - | - | 0.14 | - | - | - | 0.14 | - |
| Dues to Related Parties | - | - | 391.20 | 858.36 | - | - | 29.40 | 293.43 | 44.50 | 23.34 | 465.10 | 1,175.12 |
| Atul Maru | - | - | 79.69 | 346.15 | - | - | - | - | - | - | 79.69 | 346.15 |
| Buddhichand Maroo | - | - | - | 170.94 | - | - | - | - | - | - | - | 170.94 |
| Hiren Gada | - | - | 6.00 | 5.56 | - | - | - | - | - | - | 6.00 | 5.56 |
| Jai Maroo | - | - | 115.30 | 110.40 | - | - | - | - | - | - | 115.30 | 110.40 |
| Raman Maroo | - | - | 174.46 | 207.46 | - | - | - | - | - | - | 174.46 | 207.46 |
| Atul H. Maru (HUF) | - | - | - | - | - | - | - | 42.46 | - | - | - | 42.46 |
| Smita Jai Maroo (Loan) | - | - | 15.75 | 17.85 | - | - | - | - | - | - | 15.75 | 17.85 |
| Buddhichand H. Maroo (HUF) | - | - | - | - | - | - | - | 107.47 | - | - | - | 107.47 |
| Raman H. Maroo (HUF) | - | - | - | - | - | - | - | 108.91 | - | - | - | 108.91 |
| Sneha Arts | - | - | - | - | - | - | 23.77 | 34.59 | - | - | 23.77 | 34.59 |
| Think Walnut Digital Private Limited | - | - | - | - | - | - | 5.63 | - | - | - | 5.63 | - |
| Vistaas Digital Media Private Limited | - | - | - | - | - | - | - | - | 44.50 | 23.34 | 44.50 | 23.34 |
| Personal Guarantees Taken against Bank Loans | - | - | 54,450.00 | 45,750.00 | - | - | - | - | - | - | 54,450.00 | 45,750.00 |
| Atul Maru | - | - | 12,100.00 | 10,000.00 | - | - | - | - | - | - | 12,100.00 | 10,000.00 |
| Buddhichand Maroo | - | - | 10,000.00 | 8,500.00 | - | - | - | - | - | - | 10,000.00 | 8,500.00 |
| Jai Maroo | - | - | 10,000.00 | 8,500.00 | - | - | - | - | - | - | 10,000.00 | 8,500.00 |
| Raman Maroo | - | - | 12,100.00 | 10,000.00 | - | - | - | - | - | - | 12,100.00 | 10,000.00 |
| Hiren Gada | - | - | 10,250.00 | 8,750.00 | - | - | - | - | - | - | 10,250.00 | 8,750.00 |
| Others | - | - | - | - | - | - | - | - | - | - | - | - |



(₹ in lacs), except as otherwise stated

| Particulars | 31-Mar-14 | 31-Mar-13 |
|--|-------------|--------------|
| 28 Value of imports calculated on CIF basis in respect of | | |
| Components and spare parts | 1.26 | 25.01 |
| | 1.26 | 25.01 |

| Particulars | 31-Mar-14 | 31-Mar-13 |
|---|---------------|---------------|
| 29 Expenditure in foreign currency | | |
| Royalty | 0.98 | 46.44 |
| Dividend | 10.39 | 10.39 |
| Directors Sitting Fees | 0.80 | 0.80 |
| Others | 95.65 | 81.95 |
| | 107.81 | 139.58 |

| Year of remittance (ending on) | 31-Mar-14 | 31-Mar-13 |
|--|--------------|--------------|
| 30 Net dividend remitted in foreign exchange | | |
| Period to which it relates | 2012-13 | 2011-12 |
| Number of non-resident shareholders | 5 | 5 |
| Number of equity shares held on which dividend was due | 3,311,620 | 3,311,620 |
| Amount remitted | 10.39 | 10.39 |

| Particulars | 31-Mar-14 | 31-Mar-13 |
|--|-----------------|-----------------|
| 31 Earnings in foreign currency | | |
| Exports at F.O.B. Value | 1,427.93 | 1,070.14 |
| | 1,427.93 | 1,070.14 |

| Particulars | 31-Mar-14 | 31-Mar-13 |
|-------------------------------------|--------------|-------------|
| 32 Payment to auditor | | |
| As Auditor: | | |
| Audit fee | 6.00 | 4.50 |
| Tax audit fee | 1.50 | 1.25 |
| In other capacity: | | |
| Management services | 7.50 | 2.90 |
| Other services (certification fees) | 2.54 | 0.40 |
| Reimbursement of expenses | 1.25 | 0.63 |
| | 18.79 | 9.68 |

The figures mentioned above are exclusive of Service Tax.

33 Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

The Company has not received any information from the "suppliers" regarding their status under the Micro Small and Medium Enterprises Development Act, 2006 & hence, they have been included under Trade Payables.

- 34 Custom duty and interest thereon aggregating ₹1,04,24,082/-, is paid under protest in the Financial Year Ended 31.03.2008. The same is included in Short Term Loans & Advances.

(₹ in lacs), except as otherwise stated

| Particulars | 31-Mar-14 | 31-Mar-13 |
|--|--------------------|--------------------|
| 35 Gratuity Benefits as per AS 15 (Revised) | | |
| I Assumptions as at | | |
| Mortality | LIC (1994-96) Ult. | LIC (1994-96) Ult. |
| Interest/ Discount rate | 8% | 8% |
| Rate of increase in compensation | 8% | 8% |
| Rate of return (expected) on plan assets | 8.75% | 9.25% |
| Employee Attrition Rate(Past Service (PS)) | PS: 0 to 42 : 3% | PS: 0 to 42 : 3% |
| Expected average remaining service (years) | 17.04 | 17.39 |
| II Changes in present value of obligations | | |
| PVO (Plan Liability) at beginning of period | 151.22 | 136.05 |
| Interest cost | 12.07 | 10.65 |
| Current Service Cost | 30.93 | 32.87 |
| Past Service Cost - (non vested benefits) | - | - |
| Past Service Cost - (vested benefits) | - | - |
| Benefits paid | (0.72) | (5.76) |
| Actuarial (Gain)/ Loss on Obligation | (35.93) | (22.61) |
| PVO at end of period | 157.57 | 151.22 |
| III Changes in Fair Value of Plan Assets | | |
| Fair Value of Plan assets at Beginning of Period | 165.81 | 150.36 |
| Expected return on plan assets | 14.49 | 13.96 |
| Contributions | 0.22 | 6.81 |
| Benefit paid | (0.72) | (5.76) |
| Actuarial gain /(Loss)on plan assets | 0.04 | 0.44 |
| Fair value of plan assets at end of the Period | 179.83 | 165.81 |
| IV Fair Value of Plan Assets | | |
| Fair Value of Plan assets at Beginning of Period | 165.81 | 150.36 |
| Actual Return on Plan Assets | 14.52 | 14.39 |
| Contributions | 0.22 | 6.81 |
| Benefit paid | (0.72) | (5.76) |
| Fair value of plan assets at end of the Period | 179.83 | 165.81 |
| Funded Status (including unrecognised past service cost) | 22.26 | 14.59 |
| Excess of actual over estimated return on Plan Assets | 0.04 | 0.44 |
| V Experience History | | |
| (Gain)/Loss on obligation due to change in Assumption | (25.25) | (17.43) |
| Experience (Gain)/ Loss on obligation | (10.68) | (5.18) |
| Actuarial Gain/(Loss) on plan assets | 0.04 | 0.44 |

(₹ in lacs), except as otherwise stated

| Particulars | 31-Mar-14 | 31-Mar-13 |
|---|-----------|-----------|
| VI Actuarial Gain/(Loss) Recognized | | |
| Actuarial Gain/(Loss) for the period (Obligation) | 35.93 | 22.61 |
| Actuarial Gain/(Loss) for the period (Plan Assets) | 0.04 | 0.44 |
| Total Gain/(Loss) for the period | 35.97 | 23.04 |
| Actuarial Gain/(Loss) recognized for the period | 35.97 | 23.04 |
| Unrecognized Actuarial Gain/(Loss) at end of period | - | - |
| VII Past Service Cost Recognised | | |
| Past Service Cost- (non vested benefits) | - | - |
| Past Service Cost -(vested benefits) | - | - |
| Average remaining future service till vesting of the benefit | - | - |
| Recognised Past service Cost- non vested benefits | - | - |
| Recognised Past service Cost- vested benefits | - | - |
| Unrecognised Past service Cost- non vested benefits | - | - |
| VIII Amount to be recognized in the Balance Sheet and Statement of Profit and Loss | | |
| PVO at end of period | 157.57 | 151.22 |
| Fair value of plan assets at end of the Period | 179.83 | 165.81 |
| Funded Status | 22.26 | 14.59 |
| Unrecognized Actuarial Gain/(Loss) | - | - |
| Unrecognised Past service Cost- non vested benefits | - | - |
| Net Asset/(Liability) recognized in the balance sheet | 22.26 | 14.59 |
| IX Expense recognized in the Statement of Profit and Loss | | |
| Current Service Cost | 30.93 | 32.87 |
| Interest cost | 12.07 | 10.65 |
| Past Service Cost - (non vested benefits) | - | - |
| Past Service Cost - (vested benefits) | - | - |
| Unrecognised Past service Cost- non vested benefits | - | - |
| Expected return on plan assets | (14.49) | (13.96) |
| Net Actuarial (Gain)/Loss recognized for the period | (35.97) | (23.04) |
| Expense recognized in the Statement of Profit and Loss | (7.45) | 6.53 |
| X Movements in the Liability recognized in Balance Sheet | | |
| Opening Net Liability | (14.59) | (14.31) |
| Expenses as above | (7.45) | 6.53 |
| Contribution paid | (0.22) | (6.81) |
| Closing Net Liability | (22.26) | (14.59) |
| XI Revised Schedule VI | | |
| Current Liability | - | - |
| Non-Current Liability | 157.57 | 151.22 |

(₹ in lacs), except as otherwise stated

| Particulars | 31-Mar-14 | 31-Mar-13 |
|--|--------------|--------------|
| Contribution to Defined Contribution Plans, recognised as expense, is as under: | | |
| Employer's Contribution to Provident Fund | 37.21 | 38.42 |
| | 37.21 | 38.42 |

| Particulars | 31-Mar-14 | 31-Mar-13 |
|---|---------------|---------------|
| 36 Contingent Liabilities | | |
| Estimated amount of contracts remaining to be executed on capital account | - | 5.00 |
| Disputed Direct Tax Demands | 75.24 | - |
| Disputed Indirect Tax Demands | 161.01 | - |
| Bank Guarantee | 20.00 | 12.00 |
| Legal Cases against the company | 227.48 | 180.51 |
| | 483.73 | 197.51 |

37 Others

Previous year figures are rearranged or regrouped wherever necessary to conform to current year's presentation

As per our report of even date

For and on behalf of the Board

For M. K. Dandeker & Co.
Chartered Accountants
ICAI FRN: 000679S

Raman Maroo
Managing Director
DIN 00169152

Atul Maru
Jt. Managing Director
DIN 00169264

K.J. Dandeker
Partner
Membership No.: 18533

Ankit Singh
Company Secretary

Hiren Gada
Whole Time Director & Chief Financial Officer
DIN 01108194

Place : Mumbai
Date: 29th May, 2014

Place : Mumbai
Date : 29th May, 2014



INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS OF SHEMAROO ENTERTAINMENT LIMITED,

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS:

We have audited the accompanying consolidated financial statements of Shemaroo Entertainment Limited (the "Company") and its subsidiaries and its jointly controlled associate company; hereinafter referred to as the "Group" (refer Note 1(i) "Background") to the attached consolidated financial statements, which comprise the Consolidated Balance Sheet as at 31st March, 2014, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year ended and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India including Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

We did not audit the financial statements of one subsidiary included in the consolidated financial statements, which constitute total assets of ₹149.51 lacs and net assets of ₹(87.54) lacs as at 31st March, 2014, total revenue of ₹71.88 lacs, net loss of ₹77.93 lacs and net cash inflows amounting to ₹20.39 lacs for the year ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion on the consolidated financial statements to the extent they have been derived from such financial statements is based solely on the report of such other auditors.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, and based on consideration of the report of the other auditor as on the financial statements / consolidated financial statements of the subsidiaries and associates as noted below, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- in the case of the Consolidated Balance sheet, of the state of affairs of the Group as at 31st March, 2014;
- in the case of the Consolidated Statement of Profit and Loss, of the Profit of the Group for the year ended on that date; and
- in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21- Consolidated Financial Statements, Accounting Standard (AS) 23 – Accounting for Investments in Associates in Consolidated Financial Statements, notified under sub-section 3C of section 211 of the Companies Act, 1956.

For M.K. Dandekar & Co.
Chartered Accountants
ICAI FRN: 000679S

K.J. Dandekar
Partner
Membership No. 18533

Mumbai
Dated: 29th May, 2014

Consolidated Balance Sheet

as at 31st March, 2014

| Particulars | Note | (₹ in lacs) | |
|--|---------|-------------------------|-------------------------|
| | | As at March 31, 2014 | As at March 31, 2013 |
| I. EQUITY AND LIABILITIES | | | |
| (1) Shareholder's Funds | | | |
| (a) Share Capital | 1 | 1,984.89 | 1,984.89 |
| (b) Reserves and Surplus | 2 | 15,460.63 | 12,863.75 |
| | | 17,445.52 | 14,848.64 |
| (2) Non-Current Liabilities | | | |
| (a) Long-term borrowings | 3 | 1,008.86 | 24.23 |
| (b) Deferred tax liability (Net) | 4 | 847.90 | 507.55 |
| (c) Long term provisions | 5 | 62.21 | 45.30 |
| | | 1,918.97 | 577.08 |
| (3) Current Liabilities | | | |
| (a) Short-term borrowings | 6 | 14,114.53 | 10,991.58 |
| (b) Trade payables | 7 | 3,064.46 | 898.66 |
| (c) Other current liabilities | 8 | 3,800.77 | 1,785.64 |
| (d) Short-term provisions | 9 | 892.15 | 425.45 |
| | | 21,871.91 | 14,101.32 |
| Total | | 41,236.40 | 29,527.05 |
| II. ASSETS | | | |
| (1) Non-current assets | | | |
| (a) Fixed assets | 10 | | |
| (i) Tangible assets | | 3,318.27 | 3,425.61 |
| (ii) Intangible assets | | 92.74 | 80.22 |
| (iii) Intangible assets under development | | - | 13.19 |
| (b) Non-current investments | 11 | 894.33 | 879.37 |
| (c) Long term loans and advances | 12 | 84.54 | 94.62 |
| (d) Trade Receivables | 13 | - | 330.54 |
| (e) Other non-current assets | 14 | 4.50 | 4.50 |
| | | 4,394.38 | 4,828.05 |
| (2) Current assets | | | |
| (a) Inventories | 15 | 20,050.90 | 14,646.74 |
| (b) Trade receivables | 16 | 14,055.39 | 7,093.52 |
| (c) Cash and cash equivalents | 17 | 92.55 | 112.65 |
| (d) Short-term loans and advances | 18 | 2,426.55 | 2,699.40 |
| (e) Other current assets | 19 | 216.63 | 146.69 |
| | | 36,842.02 | 24,699.00 |
| Total | | 41,236.40 | 29,527.05 |
| Significant Accounting Policies Notes to the Financial Statements | 1 to 31 | | |

As per our report of even date

For and on behalf of the Board

For M. K. Dandekar & Co.
Chartered Accountants
ICAI FRN: 000679S

Raman Maroo
Managing Director
DIN 00169152

Atul Maru
Jt. Managing Director
DIN 00169264

K.J. Dandekar
Partner
Membership No.: 18533

Ankit Singh
Company Secretary

Hiren Gada
Whole Time Director & Chief Financial Officer
DIN 01108194

Place : Mumbai
Date: 29th May, 2014

Place : Mumbai
Date : 29th May, 2014



Consolidated Statement of Profit and Loss

for the year ended 31st March, 2014

| (₹ in lacs) | | | |
|--|----------|-----------------------------------|-----------------------------------|
| Particulars | Note | For the year ended March 31, 2014 | For the year ended March 31, 2013 |
| INCOME | | | |
| Revenue from operations | 20 | 26,460.79 | 21,473.90 |
| Other Income | 21 | 134.25 | 135.02 |
| I. Total Revenue | | 26,595.03 | 21,608.92 |
| EXPENDITURE | | | |
| Direct Operational Expenses | 22 | 22,028.03 | 17,672.58 |
| Changes in inventories | 23 | (5,402.47) | (4,954.90) |
| Employee benefit expense | 24 | 1,853.62 | 1,646.75 |
| Financial costs | 25 | 1,922.80 | 1,830.79 |
| Depreciation | 10 | 296.43 | 298.21 |
| Other expenses | 26 | 1,547.32 | 1,373.65 |
| II. Total Expenses | | 22,245.72 | 17,867.08 |
| Profit before tax | (I - II) | 4,349.31 | 3,741.84 |
| Tax expense: | | | |
| (1) Current tax | | | |
| - Income Tax | | 1,293.25 | 1,253.62 |
| - Wealth Tax | | 0.89 | 0.96 |
| (2) Deferred tax | 4 | 340.34 | 21.22 |
| (3) Tax in respect of earlier years | | 10.95 | - |
| Profit for the year | | 2,703.88 | 2,466.04 |
| Share of Profit / (Loss) in Associate Company | | 11.96 | (110.90) |
| Profit for the year after adjusting reserves of Associate | | 2,715.84 | 2,355.14 |
| Earning per equity share: | | | |
| (1) Basic | 1 | 13.68 | 11.87 |
| (2) Diluted | 1 | 13.68 | 11.87 |
| Significant Accounting Policies Notes to the Financial Statements | 1 to 31 | | |

As per our report of even date

For M. K. Dandeker & Co.
Chartered Accountants
ICAI FRN: 000679S

K.J. Dandeker
Partner
Membership No.: 18533

Place : Mumbai
Date: 29th May, 2014

For and on behalf of the Board

Raman Maroo
Managing Director
DIN 00169152

Ankit Singh
Company Secretary

Place : Mumbai
Date : 29th May, 2014

Atul Maru
Jt. Managing Director
DIN 00169264

Hiren Gada
Whole Time Director & Chief Financial Officer
DIN 01108194

Consolidated Cash Flow Statement

for the year ended 31st March, 2014

| Particulars | (₹ in lacs) | |
|---|--------------------------------------|--------------------------------------|
| | For the year ended March 31, 2014 | For the year ended March 31, 2013 |
| A. CASH FLOW FROM OPERATING ACTIVITIES: | | |
| Net Profit Before Tax | 4,349.31 | 3,741.84 |
| Adjustments to reconcile profit before tax to cash provided by operating activities: | | |
| Depreciation & Amortisation expense | 296.43 | 298.21 |
| Financial Expenses | 1,923.25 | 1,830.79 |
| Interest Income | (65.47) | (96.10) |
| Dividend Income | (0.90) | (0.90) |
| (Profit) / Loss on sale of Tangible Fixed Assets | 0.08 | 0.55 |
| Unrealised Foreign Exchange (Gain)/Loss | (25.28) | 41.64 |
| Provision for Leave Encashment | 18.23 | (2.55) |
| Provision for Gratuity | 11.85 | - |
| Liabilities no longer required written back | 2.46 | 2.99 |
| Bad Debts written off | 2.30 | 31.07 |
| Operating Profit Before Working Capital Changes | 6,512.27 | 5,847.53 |
| Adjustments for changes in Working Capital | | |
| Trade & Other Receivables | (6,424.49) | 1,476.24 |
| Inventories | (5,191.22) | (4,954.90) |
| Trade & Other Payables | 4,013.72 | (1,754.21) |
| Cash Generated from Operations | (1,089.71) | 614.66 |
| Taxes (Paid) / Rrefund (Net) | (847.00) | (721.78) |
| Cash Flow from Operating Activities | (1,936.71) | (107.12) |
| B. CASH FLOW FROM INVESTING ACTIVITIES: | | |
| Proceeds from sale of fixed assets | 0.34 | 0.76 |
| Purchase of Fixed assets including Capital WIP and Intangible assets under development | (188.77) | (198.55) |
| Dividend Income | 0.90 | 0.90 |
| Interest Income | 65.47 | 96.10 |
| Investments made in bank shares | (3.00) | - |
| Cash flow from Investing Activities | (125.05) | (100.79) |



Consolidated Cash Flow Statement

for the year ended 31st March, 2014 (Continue)

(₹ in lacs)

| Particulars | For the year ended March 31, 2014 | For the year ended March 31, 2013 |
|--|--------------------------------------|--------------------------------------|
| C. CASH FLOW FROM FINANCING ACTIVITIES: | | |
| Increase / (Decrease) of Long term Borrowings | 984.63 | (489.43) |
| Increase / (Decrease) of Short term Borrowings | 3,166.34 | 2,123.21 |
| Dividend Paid | (99.24) | (99.24) |
| Tax on Dividend Paid | (16.87) | (16.10) |
| Financial Expenses | (1,923.25) | (1,830.79) |
| Unamortised Expenses paid towards Fund Raising | (69.95) | (21.33) |
| Cash flow from Financing activities | 2,041.66 | (333.68) |
| D. NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | (20.10) | (541.59) |
| Cash & Cash Equivalents at the beginning (Refer Note 17) | 112.65 | 654.23 |
| Cash & Cash Equivalents at the End (Refer Note 17) | 92.55 | 112.65 |

As per our report of even date

For and on behalf of the Board

For M. K. Dandekar & Co.Chartered Accountants
ICAI FRN: 000679S**Raman Maroo**Managing Director
DIN 00169152**Atul Maru**Jt. Managing Director
DIN 00169264**K.J. Dandekar**Partner
Membership No.: 18533**Ankit Singh**

Company Secretary

Hiren GadaWhole Time Director & Chief Financial Officer
DIN 01108194

Place : Mumbai

Date: 29th May, 2014

Place : Mumbai

Date : 29th May, 2014

1 Background

Shemaroo Entertainment Limited was incorporated under the laws of India on December 23, 2005.

i) The Company has the following subsidiaries/associate company:

| Subsidiary/Associate concern | Date of Incorporation | Place of Incorporation | Proportion of effective ownership as on | |
|---|-----------------------|--------------------------|---|---------------|
| | | | 31st Mar 2014 | 31st Mar 2013 |
| Shemaroo Entertainment Inc. Wholly owned Subsidiary | 15th March, 2007 | United States of America | 100% | 100% |
| Shemaroo Entertainment (UK) Pvt. Ltd Wholly owned Subsidiary | 8th July, 2009 | United Kingdom | 100% | 100% |
| Shemaroo Films Pvt. Ltd Wholly owned Subsidiary | 31st October, 2012 | India | 100% | 100% |
| Vistaas Digital Media Private Limited Associate Company | 17th September, 2009 | India | 50% | 50% |

I Significant Accounting Policies

a. Basis of preparation of Consolidated Financial Statements:

The consolidated financial statement have been prepared and presented under the historical cost convention on the accrual basis of accounting in accordance with the accounting principles generally accepted in India and comply with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India to the extent applicable.

The Consolidated Financial statements relate to Shemaroo Entertainment Limited ('the Company'), its subsidiary companies and Associate Company (together referred to as 'the Group') and have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible in the same manner as the Company's separate financial statements.

The Consolidated Financial Statements have been prepared on the following basis:

- In respect of subsidiary companies, the financial statements have been consolidated on a line-by-line basis by adding together the book values of like item of assets, liabilities, incomes and expenses, after fully eliminating intra-group balances and unrealised profits/losses on intra-group transactions as per Accounting Standard 21 - "Consolidated Financial Statements". In accordance with the Standard, the losses applicable to the minority, to the extent, if it exceeds, the minority's interest in the Equity of the subsidiary, has been adjusted against the majority interest.
- In respect of associate company, the financial statements have been consolidated as per Accounting Standard 23 - "Accounting for Investments in Associates in Consolidated Financial Statements" following the Equity Method for Consolidation of Associates.
- The excess of cost to the Company of its investment in the subsidiary company over the Company's share of net assets of the subsidiary company is recognised in the financial statements as goodwill, which is tested for impairment at each balance sheet date. The excess of Company's share of net assets of the subsidiary company over the cost of acquisition is treated as capital reserve.
- The results of operations of a subsidiary are included in the Consolidated Financial Statements from the date on which the parent-subsidiary relationship comes into existence. The results of operation of a subsidiary with which the parent-subsidiary relationship ceases to exist are included in the consolidated statement of profit and loss until the date of cessation of the relationship. The difference between the proceeds from the disposal of investment in a subsidiary and the carrying amount of its assets less liabilities as on the date of disposal are recognised as profit or loss on disposal of investment in the subsidiary.
- The translations of financial statements into Indian Rupees relating to non-integral foreign operations have been carried out using the following procedures:
 - assets and liabilities have been translated at closing exchange rates at the year end; and
 - income and expenses have been translated at an average of monthly exchange rates.

The resultant translation exchange gain/(loss) has been disclosed as Foreign Currency Translation Reserve under Reserves and Surplus.
- The Notes and Significant Accounting Policies to the Consolidated Financial Statements are intended to serve as a guide for better understanding of the Group's position. In this respect, the Group has disclosed such notes and policies, which represent the requisite disclosure.



b. Use of estimates

The preparation and presentation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Differences between the actual results and estimates are recognised prospectively in the period in which results are known or materialised.

c. Tangible fixed assets

Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost including related internal costs of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. Adjustments arising from exchange rate variations attributable to the fixed assets are capitalised.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

d. Depreciation on tangible fixed assets

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management, or those prescribed under the Schedule XIV to the Companies Act, 1956, whichever is higher. However, it was not practicable to use uniform accounting policies for depreciation in the case of following subsidiary:

| Asset Head | Depreciation Rates |
|------------------------------|---|
| | Shemaroo Entertainment (UK) Pvt. Ltd |
| Plant & Machinery | 33.33% |

e. Intangible assets

Intangible Assets are recorded at acquisition cost and in case of assets acquired on merger at their carrying values. Websites/Brands are recognised as Intangible Asset if it is expected that such assets will generate future economic benefits and amortised over their useful life not exceeding four/ten years or estimated useful life whichever is lower.

f. Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur except Bill Discounting charges which are being carried forward on time proportion basis.

g. Impairment of assets

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss Account. If at the Balance Sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

h. Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired, by the issue of shares or other securities, the acquisition cost is the fair value of the securities issued. If an investment is acquired in exchange for another asset, the acquisition is determined by reference to the fair value of the asset given up or by reference to the fair value of the investment acquired, whichever is more clearly evident.

Current investments are carried in the financial statements at cost. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

i. Inventories

Projects in progress and movies under production are stated at cost. Cost comprises the cost of materials, the cost of services, labour and other expenses.

Raw Stock, Digital Video Discs/Compact Discs stock are stated at lower of cost or net realisable value.

The copyrights are valued at a certain percentage of cost based on the nature of rights. The Company evaluates the realisable value and/or revenue potential of inventory based on management estimate of market conditions and future demand and appropriate write down is made in cases where accelerated write down is warranted.

The borrowing costs directly attributable to a movie/game is capitalised as part of the cost.

j. Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Sale of goods

Revenue from sale of goods (ACDs/VCDs/DVDs/ACS/BRDs) is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods; net of returns, trade discounts and rebates. The company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the company. Hence, they are excluded from revenue.

Sale of rights

Sale of rights are recognised on the date of entering into agreement for the sale of the same, provided the Censor Certificate is in existence.

Income from services

Revenues from services are recognized when contractual commitments are delivered in full net of returns, trade discounts and rebates. The company collects service tax on behalf of the government and, therefore, it is not an economic benefit flowing to the company. Hence, it is excluded from revenue.

Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

Dividends

Dividend income is recognized when the company's right to receive dividend is established by the reporting date.

Others

Revenues relating to complete Feature Films are recognised in the year of release of feature films.

The cost of drama covering the cost of purchase of copyrights and shooting expenses is expensed out as a certain percentage of total cost.

Revenue pertaining to release of music of film is recognized on the date of its release.

k. Purchase of rights

In respect of satellite rights, as per the terms and conditions of the agreement with producer / seller, with respect to the date of agreement of purchase and the existence of Censor Certificate.

In respect of other rights like Video and other rights on the date of the agreement of purchase with producer /seller, provided the Censor Certificate is in existence.

l. Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and deposits with banks.

m. Foreign currency translation

Transactions denominated in foreign currency are recorded at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currency as at balance sheet date are converted at the exchange rate prevailing on such date. Exchange differences arising from such translation are recognized in the Statement of Profit and Loss A/c.

n. Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The contributions to the Employees provident fund and Employees pension fund are charged to the statement of profit and loss for the year when the contributions are due. The company has no obligation, other than the contribution payable to the provident fund.



Gratuity has been accounted on the basis of actuarial valuation and the contribution thereof paid / payable is charged to the Statement of Profit & Loss Account each year.

Leave encashment benefits have been accounted on the basis of actuarial valuation done. The Projected Unit Credit Method as stipulated by AS-15 has been used to determine liability as on 31st December 2013.

Except of the Associate Company, Vistaas Digital Media Private Limited all policies are conformity with that of the Group Policy.

o. Income tax

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each reporting date, the company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

p. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

q. Provisions

A provision is recognized when the company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

r. Contingent Liabilities and Contingent Assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

Contingent Assets are not recognised in the financial statements since this may result in the recognition of income that may never realise.

s. Unamortised Expenses - Proposed Share Issue Expenses

The "Unamortised Expenses - Proposed Share Issue Expenses" includes various expenditure incurred by the Company towards proposed fund raising through public issue of equity shares of the Company (IPO). The said amount shall be written-off as per the provisions of the Companies Act, 1956.

Notes

(₹ in lacs), except as otherwise stated

| | As at 31 March, 2014 | As at 31 March, 2013 |
|--|-------------------------|-------------------------|
| Note 1 | | |
| Share Capital | | |
| Authorised Share Capital: | | |
| Equity shares, ₹10/- par value | | |
| 3,00,00,000 (Previous Year 3,00,00,000) Equity Shares | 3,000.00 | 3,000.00 |
| Issued, Subscribed and Paid - up | | |
| Equity shares, ₹10/- par value | | |
| 1,98,48,904 (Previous Year 1,98,48,904) Equity Shares fully paid up. | 1,984.89 | 1,984.89 |
| Total | 1,984.89 | 1,984.89 |

The Company has only one class of shares referred to as equity shares having a par value of ₹10 per share. Each shareholder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to approval of shareholders, except in case of interim dividend. In the event of liquidation, the share holders are eligible to receive the remaining assets of the Company, after distribution of all preferential amounts, in proportion of their shareholding.

i) The reconciliation of the number of shares outstanding is set out below:

| Particulars | Equity Shares | | | |
|---|----------------------|-------------|----------------------|-------------|
| | As at 31 March, 2014 | | As at 31 March, 2013 | |
| | Number | (₹ in lacs) | Number | (₹ in lacs) |
| Shares outstanding at the beginning of the year | 19,848,904 | 1,984.89 | 19,848,904 | 1,984.89 |
| Shares Issued during the year | - | - | - | - |
| Shares outstanding at the end of the year | 19,848,904 | 1,984.89 | 19,848,904 | 1,984.89 |

ii) Details of shareholders holding more than 5% shares:

| Name of Shareholder | Equity Shares | | | |
|-------------------------------------|-----------------------|-----------------|-----------------------|---------------|
| | As at 31 March, 2014 | | As at 31 March, 2013 | |
| | No. of Shares held | % of Holding | No. of Shares held | % of Holding |
| Mr. Raman Maroo | 4,809,520 | 13.69% | 4,809,520 | 13.69% |
| Mr. Atul Maru | 4,809,520 | 13.69% | 4,809,520 | 13.69% |
| Mr. Buddhichand Maroo | 3,575,320 | 10.17% | 3,575,320 | 10.17% |
| Technology and Media Group Pte Ltd. | 1,822,840 | 5.19% | 1,822,840 | 5.19% |
| Mr. Hiren Gada | 1,640,520 | 4.67% | 1,640,520 | 4.67% |
| Mr. Jai Maroo | 1,234,200 | 3.51% | 1,234,200 | 3.51% |
| Total Shareholding | 17,891,920 | 50.92% | 17,891,920 | 50.92% |

(₹ in lacs), except as otherwise stated

iii) For the period of five years immediately preceding the date as at which the Balance Sheet is prepared :

- Aggregate number of shares allotted as fully paid-up pursuant to the contracts without payment being received in cash is NIL
- 1,48,86,678 equity shares were issued as bonus on 29th August, 2011 in the ratio of 3:1 and 41,10372 equity shares were issued as bonus on 26th March, 2011 in the ratio of 9:1.
- Aggregate number of shares bought back is NIL

Earnings Per Share (EPS)

| Particulars | As at 31 March, 2014 ₹ | As at 31 March, 2013 ₹ |
|--|------------------------------|------------------------------|
| Net Profit after tax as per Statement of Profit and Loss attributable to Equity Shareholders (₹ in lacs) | 2,715.84 | 2,355.14 |
| Weighted Average number of equity shares used as denominator for calculating EPS | 19,848,904 | 19,848,904 |
| Basic and Diluted Earnings per share | 13.68 | 11.87 |
| Face Value per equity share | 10.00 | 10.00 |

| Particulars | As at 31 March, 2014 | As at 31 March, 2013 |
|---|-------------------------|-------------------------|
| Note 2 | | |
| Reserves & Surplus | | |
| a. Securities Premium Account | | |
| As per last Balance Sheet | 4,213.50 | 4,213.50 |
| | 4,213.50 | 4,213.50 |
| b. General Reserve | | |
| As per last Balance Sheet | 1,800.11 | 1,738.40 |
| Add: Transferred from surplus in Statement of Profit and Loss | 69.60 | 61.71 |
| | 1,869.72 | 1,800.11 |
| c. Foreign Currency Translation reserve (loss) | (2.07) | 0.79 |
| d. Surplus | | |
| As per last Balance Sheet | 6,849.35 | 4,672.03 |
| (+) Profit for the year | 2,715.84 | 2,355.14 |
| Amount available for Appropriation | 9,565.19 | 7,027.17 |
| Appropriations: | | |
| (-) Transfer to General reserve | (69.60) | (61.71) |
| (-) Proposed Dividend | (99.24) | (99.24) |
| (-) Tax on Proposed Dividend | (16.87) | (16.87) |
| | 9,379.47 | 6,849.35 |
| Total | 15,460.63 | 12,863.75 |

(₹ in lacs), except as otherwise stated

| Particulars | As at 31 March, 2014 | As at 31 March, 2013 |
|-----------------------------|-------------------------|-------------------------|
| Note 3 | | |
| Long-term borrowings | | |
| Term loans | | |
| From banks | | |
| Secured | 8.86 | 24.23 |
| | <u>8.86</u> | <u>24.23</u> |
| (b) Film Financing | | |
| Secured | 1,000.00 | - |
| | <u>1,000.00</u> | <u>-</u> |
| Total | <u>1,008.86</u> | <u>24.23</u> |

Nature of Security and terms of repayment for Long Term secured borrowings:

| Nature of Security | Terms of Repayment |
|---|---|
| i) Term loans from bank amounting to ₹8.86 lacs (March 31, 2013: ₹24.23 lacs) is secured by hypothecation of the motor vehicles against which loan has been taken. | Repayable in equal monthly installments commencing as per repayment schedule of the bank. |
| ii) Film Financing from bank amounting to ₹1000 lacs (March 31, 2013: ₹NIL) is secured by first charge on all tangible and intangible assets at present and future, all revenues and receivables of the specified film negatives and personal guarantee of two promoter directors. | Repayment to be made on or before the release of the specified film, but not later than 24 months from the date of first advance. |

| Particulars | As at 31 March, 2014 | As at 31 March, 2013 |
|---|-------------------------|-------------------------|
| Note 4 | | |
| Deferred Tax Liability | | |
| Related to Fixed Assets | 545.90 | 507.55 |
| Allowances under the Income Tax Act, 1961 | 302.00 | - |
| Total | <u>847.90</u> | <u>507.55</u> |

| Particulars | As at 31 March, 2014 | As at 31 March, 2013 |
|--|-------------------------|-------------------------|
| Note 5 | | |
| Long term provisions | | |
| Provision for Employee Benefits | | |
| Provision for leave Encashment | 62.21 | 45.30 |
| Total | <u>62.21</u> | <u>45.30</u> |

(₹ in lacs), except as otherwise stated

| Particulars | As at 31 March, 2014 | As at 31 March, 2013 |
|--|-------------------------|-------------------------|
| Note 6 | | |
| Short-term borrowings | | |
| (a) Working Capital Loans from Banks (Secured) | 9,625.76 | 7,583.30 |
| [Secured by hypothecation of stock, book debts and collaterally secured by mortgage of property owned by the company and personal guarantee of some of the directors of the company] | | |
| | 9,625.76 | 7,583.30 |
| (b) Bank Overdraft | | |
| Unsecured | 1,138.57 | 764.27 |
| | 1,138.57 | 764.27 |
| (c) Loans and Advances from (Unsecured) | | |
| - Directors | 375.45 | 795.75 |
| - Inter Corporate Deposits | 1,803.00 | 280.00 |
| - Related Parties | 15.75 | 248.25 |
| - Others | 1,156.00 | 1,320.00 |
| | 3,350.20 | 2,644.00 |
| Total | 14,114.53 | 10,991.58 |

| Particulars | As at 31 March, 2014 | As at 31 March, 2013 |
|-----------------------|-------------------------|-------------------------|
| Note 7 | | |
| Trade payables | | |
| Trade Payables | 3,064.46 | 898.66 |
| Total | 3,064.46 | 898.66 |

| Particulars | As at 31 March, 2014 | As at 31 March, 2013 |
|---|-------------------------|-------------------------|
| Note 8 | | |
| Other current liabilities | | |
| (a) Current Maturities of Long-Term debt (Secured) | | |
| Term Loan from Banks | 15.37 | 19.47 |
| (b) Short Term Loan / Film Financing | | |
| Secured | 3,180.00 | 1,200.00 |
| (c) Creditors for Capital Expenditure | 38.48 | 7.33 |
| (d) Interest Accrued and due | 46.00 | 80.28 |
| (e) Others* | 520.93 | 478.56 |
| * (includes Advance from customers, creditors for expenditure, deposit received, withholding and other taxes payables and other payables) | | |
| Total | 3,800.77 | 1,785.64 |

(₹ in lacs), except as otherwise stated

Nature of Security and terms of repayment for Long Term secured borrowings:

| Nature of Security | Terms of Repayment |
|--|---|
| i) Term loans from bank amounting to ₹15.37 lacs (March 31, 2013: ₹19.47 lacs) is secured by hypothecation of the motor vehicles against which loan has been taken. | Repayable in equal monthly installments commencing as per repayment schedules of the banks. |
| ii) Short Term Loan from bank amounting to ₹3180 lacs (March 31, 2013: ₹12,000 lacs) is secured by lien on Third Party FMPs / Debt mutual funds, hypothecation of specified negative prints and intellectual property rights, book debts / film negatives, personal guarantee of Directors | Repayable at the end of 12 months from the date of first disbursal. |

| Particulars | As at 31 March, 2014 | As at 31 March, 2013 |
|---|-------------------------|-------------------------|
| Note 9 | | |
| Short-term provisions | | |
| (a) Provision for Employee Benefits | | |
| Provision for Group Gratuity | 11.85 | - |
| Provision for leave Encashment | 3.72 | 2.39 |
| Provision for E S I C | 0.68 | 0.91 |
| Provident Fund | 5.89 | 6.02 |
| Maharashtra Labour Welfare Fund | 0.01 | 0.02 |
| | <u>22.16</u> | <u>9.34</u> |
| (b) Other Provisions | | |
| Provision for tax (Net of Advance Tax) | 752.98 | 299.04 |
| Proposed Equity Dividend | 99.24 | 99.24 |
| Provision for Tax on Proposed Equity Dividend | 16.87 | 16.87 |
| Provision for Wealth Tax | 0.89 | 0.96 |
| | <u>869.99</u> | <u>416.11</u> |
| Total | <u>892.15</u> | <u>425.45</u> |

(₹ in lacs), except as otherwise stated

| Particulars | Gross Block | | | | Depreciation | | | Net Block | | |
|-------------------------------------|---------------------|---------------|-------------|---------------------|---------------------|-----------------|-------------|---------------------|---------------------|---------------------|
| | As on 01-04-2013 | Additions | Deductions | As on 31-03-2014 | As on 01-04-2013 | For the year | Deductions | As on 31-03-2014 | As on 31-03-2014 | As on 31-03-2013 |
| Note 10: Fixed Assets | | | | | | | | | | |
| Tangible Assets | | | | | | | | | | |
| Office Building* | 967.50 | 14.46 | - | 981.96 | 142.05 | 15.95 | - | 158.01 | 823.95 | 825.45 |
| Plant & Machinery | 3,931.82 | 145.27 | 0.53 | 4,076.71 | 1,711.48 | 198.80 | 0.10 | 1,910.25 | 2,166.45 | 2,220.34 |
| Furniture & Fixtures | 414.96 | - | - | 414.96 | 206.24 | 26.27 | - | 232.51 | 182.45 | 208.72 |
| Motor Vehicle | 277.99 | 0.62 | - | 278.61 | 106.88 | 26.32 | - | 133.20 | 145.41 | 171.11 |
| Total Tangible Assets (A) | 5,592.27 | 160.34 | 0.53 | 5,752.24 | 2,166.65 | 267.34 | 0.10 | 2,433.97 | 3,318.27 | 3,425.61 |
| Intangible Assets | | | | | | | | | | |
| Software | 186.55 | 41.62 | - | 228.17 | 106.33 | 29.09 | - | 135.42 | 92.74 | 80.22 |
| Total In-Tangible Assets (B) | 186.55 | 41.62 | - | 228.17 | 106.33 | 29.09 | - | 135.42 | 92.74 | 80.22 |
| Total Assets (A) + (B) | 5,778.82 | 201.96 | 0.53 | 5,980.40 | 2,272.99 | 296.43 | 0.10 | 2,569.39 | 3,411.01 | 3,505.83 |
| Previous Year | | | | | | | | | | |
| Tangible Assets | 5,420.92 | 175.50 | 4.15 | 5,592.27 | 1,896.93 | 272.57 | 2.84 | 2,166.65 | 3,425.61 | 3,524.00 |
| Intangible Assets | 169.96 | 16.58 | - | 186.55 | 80.69 | 25.64 | - | 106.33 | 80.22 | 89.27 |
| Previous Year | 5,590.89 | 192.09 | 4.15 | 5,778.82 | 1,977.62 | 298.21 | 2.84 | 2,272.99 | 3,505.83 | 3,613.27 |
| Intangible assets under development | | | | | | | | | - | 13.19 |

*Office Building Includes ₹98,000 (Previous Year ₹98,000) in shares of Co-operative Housing Societies with right to hold and use certain area of Buildings.

| Particulars | As at 31 March, 2014 | As at 31 March, 2013 |
|--|-------------------------|-------------------------|
| Note 11 | | |
| Non-current investments | | |
| Long Term Investments | | |
| (a) Trade Investments (valued at cost) | | |
| Unquoted equity instruments | | |
| - Investment in Associate Company | | |
| Vistaas Digital Media Private Limited | | |
| 45000 (Previous Year: 45000) Equity shares of ₹10/- each, fully paid-up | 45.00 | 45.00 |
| Add:- Goodwill | 1,016.39 | 1,016.39 |
| Less:- Share of Loss | (177.06) | (189.02) |
| Closing Balance as at period / year end | 884.33 | 872.37 |
| (b) Other Investments (valued at cost) | | |
| i) 50,000 (Previous Year 20,000) Equity shares of ₹10/- each fully paid-up of The N.K.G.S.B. Co-op. Bank Ltd. | 5.00 | 2.00 |
| ii) 20,000 (Previous Year 20,000) Equity shares of ₹25/- each fully paid-up of The Shamrao Vithal Co-op. Bank Ltd. | 5.00 | 5.00 |
| | 10.00 | 7.00 |
| Total | 894.33 | 879.37 |
| Aggregate amount of unquoted investments | 894.33 | 879.37 |

(₹ in lacs), except as otherwise stated

| Particulars | As at 31 March, 2014 | As at 31 March, 2013 |
|-------------------------------------|-------------------------|-------------------------|
| Note 12 | | |
| Long term loans and advances | | |
| (a) Security Deposit | | |
| Unsecured Considered Good | 78.76 | 75.01 |
| | <u>78.76</u> | <u>75.01</u> |
| (b) Other loans and advances | | |
| Loans to employees | 1.86 | 19.61 |
| Prepaid Expenses | 3.91 | - |
| | <u>5.77</u> | <u>19.61</u> |
| Total | <u>84.54</u> | <u>94.62</u> |

| Particulars | As at 31 March, 2014 | As at 31 March, 2013 |
|--|-------------------------|-------------------------|
| Note 13 | | |
| Trade receivables - Non Current | | |
| Unsecured, Considered good | - | 330.54 |
| | <u>-</u> | <u>330.54</u> |
| Total | <u>-</u> | <u>330.54</u> |

| Particulars | As at 31 March, 2014 | As at 31 March, 2013 |
|---|-------------------------|-------------------------|
| Note 14 | | |
| Other non-current assets | | |
| Non-Current bank balances | 4.50 | 4.50 |
| In Fixed Deposit (Maturity more than 12 months) | | |
| | <u>4.50</u> | <u>4.50</u> |
| Total | <u>4.50</u> | <u>4.50</u> |

| Particulars | As at 31 March, 2014 | As at 31 March, 2013 |
|-----------------------------|-------------------------|-------------------------|
| Note 15 | | |
| Inventories | | |
| (a) Copyrights | 19,392.65 | 13,533.68 |
| (b) Movies under Production | 472.76 | 906.40 |
| (c) DVDs, VCDs & ACDs | 185.49 | 206.67 |
| | <u>20,050.90</u> | <u>14,646.74</u> |
| Total | <u>20,050.90</u> | <u>14,646.74</u> |

(₹ in lacs), except as otherwise stated

| Particulars | As at 31 March, 2014 | As at 31 March, 2013 |
|---|-------------------------|-------------------------|
| Note 16 | | |
| Trade receivables - Current | | |
| Unsecured, Considered good unless otherwise stated | | |
| a) More than Six months | 644.37 | 690.52 |
| b) Other receivables | 13,411.02 | 6,403.00 |
| Total | 14,055.39 | 7,093.52 |

| Particulars | As at 31 March, 2014 | As at 31 March, 2013 |
|---|-------------------------|-------------------------|
| Note 17 | | |
| Cash and cash equivalents | | |
| (a) Balances with Bank | | |
| On Current Accounts | 33.17 | 74.59 |
| Deposit with original maturity of less than three months | 20.62 | 3.83 |
| (b) Cash on Hand | 13.14 | 22.26 |
| (c) Other Balances with Bank | | |
| Deposit with maturity of Less than 12 months but more than 3 months | 23.56 | 10.87 |
| Deposit with maturity of more than 12 months | 2.06 | 1.10 |
| Total | 92.55 | 112.65 |

| Particulars | As at 31 March, 2014 | As at 31 March, 2013 |
|---|-------------------------|-------------------------|
| Note 18 | | |
| Short-term loans and advances | | |
| (a) Other loans and advances | | |
| Withholding and Other Taxes Receivable | 162.90 | 158.24 |
| Advances paid for Supply of Goods and Rendering of Services | 1,530.67 | 2,133.44 |
| Balance with Customs, Central Excise Authorities | 106.91 | 106.91 |
| Prepaid Expenses | 60.10 | 85.94 |
| Loans to employees | 39.32 | 25.35 |
| Loans to Others | 526.64 | 189.53 |
| Total | 2,426.55 | 2,699.40 |

| Particulars | As at 31 March, 2014 | As at 31 March, 2013 |
|--|-------------------------|-------------------------|
| Note 19 | | |
| Other current assets | | |
| Unamortised Expenses - Proposed Share Issue Expenses | 216.63 | 146.69 |
| Total | 216.63 | 146.69 |

(₹ in lacs), except as otherwise stated

| Particulars | Year ended 31 March, 2014 | Year ended 31 March, 2013 |
|--------------------------------|------------------------------|------------------------------|
| Note 20 | | |
| Revenue from operations | | |
| (a) Sale of Rights | 24,297.89 | 19,095.32 |
| (b) Sale of Products | 1,351.33 | 1,695.94 |
| (c) Income from Services | 664.10 | 610.74 |
| (d) Other Operating Revenue | 147.47 | 71.89 |
| Total | 26,460.79 | 21,473.90 |

| Particulars | Year ended 31 March, 2014 | Year ended 31 March, 2013 |
|---|------------------------------|------------------------------|
| Note 21 | | |
| Other Income | | |
| (a) Interest | 65.48 | 96.10 |
| (b) Dividend | 0.90 | 0.90 |
| (c) Foreign Exchange Fluctuation Gain (net) | 60.92 | 33.54 |
| (d) Others | 6.95 | 4.48 |
| Total | 134.25 | 135.02 |

| Particulars | Year ended 31 March, 2014 | Year ended 31 March, 2013 |
|------------------------------------|------------------------------|------------------------------|
| Note 22 | | |
| Direct Operational Expenses | | |
| (a) Purchases | 21,216.65 | 16,976.80 |
| (b) Works Cost | 811.38 | 695.78 |
| Total | 22,028.03 | 17,672.58 |

| Particulars | Year ended 31 March, 2014 | Year ended 31 March, 2013 |
|--|------------------------------|------------------------------|
| Note 23 | | |
| Changes in inventories of finished goods, work-in-progress and Stock-in-Trade | | |
| (a) Inventories (at close) | 20,049.21 | 14,646.74 |
| (b) Inventories (at commencement) | 14,646.74 | 9,691.84 |
| Total | (5,402.47) | (4,954.90) |

| Particulars | Year ended 31 March, 2014 | Year ended 31 March, 2013 |
|---|------------------------------|------------------------------|
| Note 24 | | |
| Employee benefit expense | | |
| Salaries, Bonus and Allowances | 1,747.89 | 1,566.14 |
| Contribution to Provident & Other funds | 75.29 | 53.30 |
| Staff Welfare Expenses | 30.44 | 27.31 |
| Total | 1,853.62 | 1,646.75 |

(₹ in lacs), except as otherwise stated

| Particulars | Year ended 31 March, 2014 | Year ended 31 March, 2013 |
|------------------------------|------------------------------|------------------------------|
| Note 25 | | |
| Financial costs | | |
| Interest expense | | |
| Borrowings | 1,869.52 | 1,783.43 |
| Other Borrowing Costs | | |
| Bank & Other Finance Charges | 53.28 | 33.88 |
| Bill Discounting Charges | - | 13.49 |
| Total | 1,922.80 | 1,830.79 |

| Particulars | Year ended 31 March, 2014 | Year ended 31 March, 2013 |
|--|------------------------------|------------------------------|
| Note 26 | | |
| Other expenses | | |
| Bad debts written off | 2.30 | 31.07 |
| Business Development Expenses | 84.59 | 46.76 |
| Communication Expenses | 45.65 | 41.84 |
| Directors Fees | 5.00 | 4.60 |
| Donations | 25.92 | 28.63 |
| Electricity Expenses | 143.48 | 114.79 |
| Interest on Government Dues | 0.56 | 19.71 |
| General Expenses | 230.61 | 213.05 |
| Insurance Charges | 62.33 | 49.21 |
| Legal, Professional and Consultancy Fees | 174.02 | 218.98 |
| Auditors Remuneration | 18.93 | 15.37 |
| Rents, Rates and Taxes | 37.95 | 48.23 |
| Repairs and Maintenance | | |
| Repairs and maintenance - Machinery | 57.60 | 51.32 |
| Repairs and maintenance - Others | 94.40 | 90.29 |
| Security Charges | 30.49 | 28.71 |
| Selling Expenses | 420.96 | 257.19 |
| Travelling & Conveyance | 112.43 | 111.35 |
| Loss on Sale of Fixed Assets | 0.08 | 0.55 |
| Miscellaneous expenses written off | - | 2.00 |
| Total | 1,547.32 | 1,373.65 |

27 Related party disclosures

a Names of related parties and description of relationship

Key Management Personnel:

Mr. Buddhichand Maroo
Mr. Raman Maroo
Mr. Atul Maru
Mr. Jai Maroo
Mr. Hiren Gada
Mr. Vinod Karani
Mr. Hemant Karani
Mr. Bipin Dharod
Mr. Ketan Maru
Mr. Harakhchand Gada
Mrs. Kranti Gada
Mrs. Smita Maroo
Ms. Mansi Maroo

Entities having Common Control:

Atul H. Maru (HUF)
Buddhichand H. Maroo (HUF)
Raman H. Maroo (HUF)
Shemaroo Corporation
Sneha Arts
Shemaroo Holdings Private Limited
Think Walnut Digital Private Limited
Taurean Estate Development LLP
Technology and Media Group PTE. Ltd.

Associate Company:

Vistaas Digital Media Private Limited

Related party transactions

Refer Note b.

b. The Nature of significant related party transactions and the amounts involved are as follows: -

(₹ in lacs), except as otherwise stated

| Particulars | Key Management Personnel As on | | Entities having common control As on | | Associate Company As on | | Total As on | |
|---|-----------------------------------|---------------|---|---------------|-------------------------|--------------|---------------|---------------|
| | Mar 2014 | Mar 2013 | Mar 2014 | Mar 2013 | Mar 2014 | Mar 2013 | Mar 2014 | Mar 2013 |
| Purchase of Goods & Services | - | - | 162.90 | 169.10 | 83.28 | 35.34 | 246.18 | 204.44 |
| Sneha Arts | - | - | 58.89 | 100.00 | - | - | 58.89 | 100.00 |
| Think Walnut Digital Private Limited | - | - | 104.01 | 69.10 | - | - | 104.01 | 69.10 |
| Vistaas Digital Media Private Limited | - | - | - | - | 83.28 | 35.34 | 83.28 | 35.34 |
| Sale of Goods & Services | - | - | - | - | - | - | - | - |
| Vistaas Digital Media Private Limited | - | - | - | - | - | - | - | - |
| Remuneration to Directors | 116.35 | 115.21 | - | - | - | - | 116.35 | 115.21 |
| Raman Maroo | 42.11 | 41.50 | - | - | - | - | 42.11 | 41.50 |
| Atul Maru | 42.11 | 41.50 | - | - | - | - | 42.11 | 41.50 |
| Hiren Gada | 32.12 | 32.21 | - | - | - | - | 32.12 | 32.21 |
| Salaries | 152.49 | 143.39 | - | - | - | - | 152.49 | 143.39 |
| Bipin Dharod | 18.12 | 18.15 | - | - | - | - | 18.12 | 18.15 |
| Hemant Karani | 24.03 | 24.07 | - | - | - | - | 24.03 | 24.07 |
| Ketan Maroo | 22.07 | 22.18 | - | - | - | - | 22.07 | 22.18 |
| Harakhchand Gada | 16.95 | 11.30 | - | - | - | - | 16.95 | 11.30 |
| Vinod Karani | 29.95 | 30.11 | - | - | - | - | 29.95 | 30.11 |
| Kranti Gada | 7.47 | 3.59 | - | - | - | - | 7.47 | 3.59 |
| Smita Maroo | 29.42 | 29.51 | - | - | - | - | 29.42 | 29.51 |
| Mansi Maroo | 4.48 | 4.49 | - | - | - | - | 4.48 | 4.49 |
| Directors Sitting Fees | 1.20 | 1.00 | - | - | - | - | 1.20 | 1.00 |
| Buddhichand Maroo | 0.80 | 0.20 | - | - | - | - | 0.80 | 0.20 |
| Jai Maroo | 0.40 | 0.80 | - | - | - | - | 0.40 | 0.80 |
| Interest Paid (on Loans) | 57.72 | 58.38 | 4.70 | 29.27 | - | - | 62.42 | 87.65 |
| Raman Maroo | 21.94 | 11.90 | - | - | - | - | 21.94 | 11.90 |
| Atul Maru | 18.01 | 10.92 | - | - | - | - | 18.01 | 10.92 |
| Hiren Gada | 0.63 | 0.63 | - | - | - | - | 0.63 | 0.63 |
| Buddhichand Maroo | 3.09 | 19.94 | - | - | - | - | 3.09 | 19.94 |
| Jai Maroo | 12.08 | 12.66 | - | - | - | - | 12.08 | 12.66 |

b. The Nature of significant related party transactions and the amounts involved are as follows: -

| Particulars | (₹ in lacs), except as otherwise stated | | | | | |
|---|---|-----------------|---|--------------|-------------------------|-----------------|
| | Key Management Personnel As on | | Entities having common control As on | | Associate Company As on | |
| | Mar 2014 | Mar 2013 | Mar 2014 | Mar 2013 | Mar 2014 | Mar 2013 |
| Smita Maroo | 1.97 | 2.34 | - | - | - | - |
| Atul H. Maru (HUF) | - | - | 0.77 | 4.95 | - | - |
| Buddhichand H. Maroo (HUF) | - | - | 1.95 | 12.19 | - | - |
| Raman H. Maroo (HUF) | - | - | 1.98 | 12.13 | - | - |
| Dividend | 91.14 | 91.14 | - | - | 91.14 | 91.14 |
| Atul Maru | 24.05 | 24.05 | - | - | 24.05 | 24.05 |
| Bipin Dharod | 0.21 | 0.21 | - | - | 0.21 | 0.21 |
| Buddhichand Maroo | 17.88 | 17.88 | - | - | 17.88 | 17.88 |
| Harakhchand Gada | 0.16 | 0.16 | - | - | 0.16 | 0.16 |
| Hemant Karani | 0.33 | 0.33 | - | - | 0.33 | 0.33 |
| Hiren Gada | 8.20 | 8.20 | - | - | 8.20 | 8.20 |
| Jai Maroo | 6.17 | 6.17 | - | - | 6.17 | 6.17 |
| Ketan Maru | 0.41 | 0.41 | - | - | 0.41 | 0.41 |
| Raman Maroo | 24.05 | 24.05 | - | - | 24.05 | 24.05 |
| Technology and Media Group PTE. Ltd. | 9.11 | 9.11 | - | - | 9.11 | 9.11 |
| Vinod Karani | 0.57 | 0.57 | - | - | 0.57 | 0.57 |
| Loans Taken during the year | 304.97 | 1,272.75 | - | 29.00 | 304.97 | 1,301.75 |
| Atul Maru | 124.21 | 659.00 | - | - | 124.21 | 659.00 |
| Buddhichand Maroo | - | 14.00 | - | - | - | 14.00 |
| Jai Maroo | 21.30 | 10.00 | - | - | 21.30 | 10.00 |
| Raman Maroo | 158.46 | 578.00 | - | - | 158.46 | 578.00 |
| Smita Jai Maroo | - | 1.75 | - | - | - | 1.75 |
| Atul H. Maru (HUF) | - | - | - | 4.00 | - | 4.00 |
| Buddhichand H. Maroo (HUF) | - | - | - | 10.00 | - | 10.00 |
| Raman H. Maroo (HUF) | - | - | - | 15.00 | - | 15.00 |
| Hiren Gada | 1.00 | 10.00 | - | - | 1.00 | 10.00 |
| Investments done during the year | - | - | - | - | - | - |
| Vistaas Digital Media Private Limited | - | - | - | - | - | - |

b. The Nature of significant related party transactions and the amounts involved are as follows: -

(₹ in lacs), except as otherwise stated

| Particulars | Key Management Personnel As on | | Entities having common control As on | | Associate Company As on | | Total As on | |
|---|-----------------------------------|------------------|---|---------------|-------------------------|--------------|------------------|------------------|
| | Mar 2014 | Mar 2013 | Mar 2014 | Mar 2013 | Mar 2014 | Mar 2013 | Mar 2014 | Mar 2013 |
| Other Income | - | - | 1.50 | 1.32 | - | - | 1.50 | 1.32 |
| Atul Maru | - | - | - | - | - | - | - | - |
| Raman Maroo | - | - | - | - | - | - | - | - |
| Shemaroo Corporation | - | - | 1.50 | 1.32 | - | - | 1.50 | 1.32 |
| Dues from Related Parties | 11.26 | 14.50 | - | - | - | - | 11.26 | 14.50 |
| Vistaas Digital Media Private Limited | - | - | - | - | - | - | - | - |
| Vinod Karani | 11.26 | 9.50 | - | - | - | - | 11.26 | 9.50 |
| Ketan Maru | - | 5.00 | - | - | - | - | - | 5.00 |
| Shemaroo Corporation | - | - | 0 | - | - | - | 0.14 | - |
| Dues to Related Parties | 391.20 | 858.36 | 29.40 | 293.43 | 44.50 | 23.34 | 465.10 | 1,175.12 |
| Atul Maru | 79.69 | 346.15 | - | - | - | - | 79.69 | 346.15 |
| Buddhichand Maroo | - | 170.94 | - | - | - | - | - | 170.94 |
| Hiren Gada | 6.00 | 5.56 | - | - | - | - | 6.00 | 5.56 |
| Jai Maroo | 115.30 | 110.40 | - | - | - | - | 115.30 | 110.40 |
| Raman Maroo | 174.46 | 207.46 | - | - | - | - | 174.46 | 207.46 |
| Smita Jai Maroo (Loan) | 15.75 | 17.85 | - | - | - | - | 15.75 | 17.85 |
| Atul H. Maru (HUF) | - | - | - | 42.46 | - | - | - | 42.46 |
| Buddhichand H. Maroo (HUF) | - | - | - | 107.47 | - | - | - | 107.47 |
| Raman H. Maroo (HUF) | - | - | - | 108.91 | - | - | - | 108.91 |
| Sneha Arts | - | - | 23.77 | 34.59 | - | - | 23.77 | 34.59 |
| Think Walnut Digital Private Limited | - | - | 5.63 | - | - | - | 5.63 | - |
| Vistaas Digital Media Private Limited | - | - | - | - | 44.50 | 23.34 | 44.50 | 23.34 |
| Personal Guarantees Taken against Bank Loans | 54,450.00 | 45,750.00 | - | - | - | - | 54,450.00 | 45,750.00 |
| Atul Maru | 12,100.00 | 10,000.00 | - | - | - | - | 12,100.00 | 10,000.00 |
| Buddhichand Maroo | 10,000.00 | 8,500.00 | - | - | - | - | 10,000.00 | 8,500.00 |
| Jai Maroo | 10,000.00 | 8,500.00 | - | - | - | - | 10,000.00 | 8,500.00 |
| Raman Maroo | 12,100.00 | 10,000.00 | - | - | - | - | 12,100.00 | 10,000.00 |
| Hiren Gada | 10,250.00 | 8,750.00 | - | - | - | - | 10,250.00 | 8,750.00 |

(₹ in lacs), except as otherwise stated

| Particulars | 31-Mar-14 | 31-Mar-13 |
|--|--------------------|--------------------|
| 28 Gratuity Benefits as per AS 15 (Revised) | | |
| I Assumptions as at | | |
| Mortality | LIC (1994-96) Ult. | LIC (1994-96) Ult. |
| Interest/ Discount rate | 8% | 8% |
| Rate of increase in compensation | 8% | 8% |
| Rate of return (expected) on plan assets | 8.75% | 9.25% |
| Employee Attrition Rate(Past Service (PS)) | PS: 0 to 42 : 3% | PS: 0 to 42 : 3% |
| Expected average remaining service (years) | 17.04 | 17.39 |
| II Changes in present value of obligations | | |
| PVO (Plan Liability) at beginning of period | 151.22 | 136.05 |
| Interest cost | 12.07 | 10.65 |
| Current Service Cost | 30.93 | 32.87 |
| Past Service Cost - (non vested benefits) | - | - |
| Past Service Cost - (vested benefits) | - | - |
| Benefits paid | (0.72) | (5.76) |
| Actuarial (Gain)/ Loss on Obligation | (35.93) | (22.61) |
| PVO at end of period | 157.57 | 151.22 |
| III Changes in Fair Value of Plan Assets | | |
| Fair Value of Plan assets at Beginning of period | 165.81 | 150.36 |
| Expected return on plan assets | 14.49 | 13.96 |
| Contributions | 0.22 | 6.81 |
| Benefit paid | (0.72) | (5.76) |
| Actuarial gain /(Loss)on plan assets | 0.04 | 0.44 |
| Fair value of plan assets at end of the period | 179.83 | 165.81 |
| IV Fair Value of Plan Assets | | |
| Fair Value of Plan assets at Beginning of period | 165.81 | 150.36 |
| Actual Return on Plan Assets | 14.52 | 14.39 |
| Contributions | 0.22 | 6.81 |
| Benefit paid | (0.72) | (5.76) |
| Fair value of plan assets at end of the period | 179.83 | 165.81 |
| Funded Status (including unrecognised past service cost) | 22.26 | 14.59 |
| Excess of actual over estimated return on Plan Assets | 0.04 | 0.44 |
| V Experience History | | |
| (Gain)/Loss on obligation due to change in Assumption | (25.25) | (17.43) |
| Experience (Gain)/ Loss on obligation | (10.68) | (5.18) |
| Actuarial Gain/(Loss) on plan assets | 0.04 | 0.44 |

(₹ in lacs), except as otherwise stated

| Particulars | 31-Mar-14 | 31-Mar-13 |
|---|-----------|-----------|
| VI Actuarial Gain/(Loss) Recognized | | |
| Actuarial Gain/(Loss) for the period (Obligation) | 35.93 | 22.61 |
| Actuarial Gain/(Loss) for the period (Plan Assets) | 0.04 | 0.44 |
| Total Gain/(Loss) for the period | 35.97 | 23.04 |
| Actuarial Gain/(Loss) recognized for the period | 35.97 | 23.04 |
| Unrecognized Actuarial Gain/(Loss) at end of period | - | - |
| VII Past Service Cost Recognised | | |
| Past Service Cost- (non vested benefits) | - | - |
| Past Service Cost -(vested benefits) | - | - |
| Average remaining future service till vesting of the benefit | - | - |
| Recognised Past service Cost- non vested benefits | - | - |
| Recognised Past service Cost- vested benefits | - | - |
| Unrecognised Past service Cost- non vested benefits | - | - |
| VIII Amount to be recognized in the Balance Sheet and Statement of Profit & Loss Account | | |
| PVO at end of period | 157.57 | 151.22 |
| Fair value of plan assets at end of the Period | 179.83 | 165.81 |
| Funded Status | 22.26 | 14.59 |
| Unrecognized Actuarial Gain/(Loss) | - | - |
| Unrecognised Past service Cost- non vested benefits | - | - |
| Net Asset/(Liability) recognized in the balance sheet | 22.26 | 14.59 |
| IX Expense recognized in the statement of P & L A/C | | |
| Current Service Cost | 30.93 | 32.87 |
| Interest cost | 12.07 | 10.65 |
| Past Service Cost - (non vested benefits) | - | - |
| Past Service Cost - (vested benefits) | - | - |
| Unrecognised Past service Cost- non vested benefits | - | - |
| Expected return on plan assets | (14.49) | (13.96) |
| Net Actuarial (Gain)/Loss recognized for the period | (35.97) | (23.04) |
| Expense recognized in the statement of P & L A/C | (7.45) | 6.53 |
| X Movements in the Liability recognized in Balance Sheet | | |
| Opening Net Liability | (14.59) | (14.31) |
| Expenses as above | (7.45) | 6.53 |
| Contribution paid | (0.22) | (6.81) |
| Closing Net Liability | (22.26) | (14.59) |
| XI Revised Schedule VI | | |
| Current Liability | - | - |
| Non-Current Liability | 157.57 | 151.22 |

(₹ in lacs), except as otherwise stated

| Particulars | 31-Mar-14 | 31-Mar-13 |
|---|--------------|--------------|
| Contribution to Defined Contribution Plans, recognised as expense, is as under: | | |
| Employer's Contribution to Provident Fund | 37.21 | 38.42 |
| | 37.21 | 38.42 |

29 The Company has identified "Entertainment" as the only primary reportable business segment. The Company has no geographical segment other than India.

30 Financial Details of Subsidiaries as required by the approval granted under section 212(8) of the Companies Act, 1956 pursuant to General Circular no. 2/2011 dated February 8th, 2011 issued by the Ministry of Corporate Affairs

| S. No. | Name of Subsidiary | Reporting Currency | Exchange Rate (in `) | Capital | Reserves | Total Assets | Total Liabilities | Investments included in Total Assets | Turnover | Profit/ (Loss) before Tax | Provision for Tax | Profit/ (Loss) after Tax | Proposed Dividend |
|--------|---|--------------------|----------------------|---------|----------|--------------|-------------------|--------------------------------------|----------|---------------------------|-------------------|--------------------------|-------------------|
| 1 | Shemaroo Entertainment Inc. (USA) | USD | 59.65 | 5.96 | (7.47) | 0.92 | 0.92 | - | - | (1.70) | - | (1.70) | NIL |
| 2 | Shemaroo Entertainment (UK) Private Limited | GBP | 99.21 | 35.72 | (123.26) | 149.51 | 149.51 | - | 71.88 | (77.93) | - | (77.93) | NIL |
| 3 | Shemaroo Films Private Limited | INR | 1.00 | 100.00 | (2.69) | 215.43 | 215.43 | - | - | (0.57) | - | (0.57) | NIL |

| Particulars | 31-Mar-14 | 31-Mar-13 |
|---|---------------|---------------|
| 31 Contingent Liabilities | | |
| Estimated amount of contracts remaining to be executed on capital account | - | 5.00 |
| Bank Guarantee | 20.00 | 12.00 |
| Disputed Direct Tax Demands | 75.24 | - |
| Disputed Indirect Tax Demands | 161.01 | - |
| Legal Cases against the company | 227.48 | 180.51 |
| | 483.73 | 197.51 |

32 Previous year figures

Previous year's figures are rearranged or regrouped wherever necessary to conform to current year's presentation

As per our report of even date

For and on behalf of the Board

For M. K. Dandeker & Co.

Chartered Accountants

ICAI FRN: 000679S

Raman Maroo

Managing Director

DIN 00169152

Atul Maru

Jt. Managing Director

DIN 00169264

K.J. Dandeker

Partner

Membership No.: 18533

Ankit Singh

Company Secretary

Hiren Gada

Whole Time Director & Chief Financial Officer

DIN 01108194

Place : Mumbai

Date: 29th May, 2014

Place : Mumbai

Date : 29th May, 2014

PROXY

Form No. MGT. 11

[Pursuant to Section 105 (6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

SHEMAROO ENTERTAINMENT LIMITED

CIN:U67190MH2005PLC158288

Regd. Office: Shemaroo House, Plot No. 18, Marol Co-op Indl. Estate, Off Andheri Kurla Road, Andheri (E), Mumbai –400059,
Tel:+91 22 4031 9911; Facsimilie:+91 22 28519770; website:www.shemarooent.com

NINETH ANNUAL GENERAL MEETING- AUGUST 05, 2014

Name of the Member(s):
(Block Capitals)

Registered address:
.....

Email:

Folio no./Client ID :/DP ID No.* & Client ID NO.*

*Applicable for members holding shares in electronic form.

I/We, being the member(s) of shares of the above named company, hereby appoint:

Name: Email:

Address:
.....

..... Signature:

or failing him/her

Name: Email:

Address:
.....

..... Signature:

or failing him/her

Name: Email:

Address:
.....

..... Signature:

as my / our proxy to vote for me/us on my/our behalf at the NINETH ANNUAL GENERAL MEETING of the Company to be held on Tuesday, the 05th day of August, 2014 at 11:00 A.M. at the Registered office of the Company at Shemaroo House, Plot No. 18, Marol Co-op. Industrial Estate, Off. Andheri-Kurla Road, Andheri-East, Mumbai-400059, and at any adjournment thereof in respect of such resolutions as are indicated below:

| Resolution Number | Resolution | Vote (Optional see Note iii) (Please mention no. of shares) | | |
|-------------------|----------------------------------|--|---------|---------|
| | | For | Against | Abstain |
| Ordinary Business | | | | |
| 1 | Adoption of Financial Statements | | | |
| 2 | Declaration of Dividend | | | |
| 3 | Appointment of Director | | | |
| 4 | Appointment of Auditors | | | |

Signed this.....day of, 2014.

Signature of Member..... Signature of proxy holder(s).....

No. of shares

Signature

Affix
Revenue
Stamp

** Strike out whichever is not desired.

NOTES:

- (i) The Proxy must be returned so as to reach the Registered office of the Company not less than FORTY EIGHT HOURS before the time for holding the aforesaid meeting.
- (ii) It is optional to indicate your preference, if you leave the FOR, AGAINST or ABSTAIN column blank against any resolution(s), your proxy will be entitled to vote in the manner as he/she may deem appropriate.

Attendance Slip

Shareholders attending the Meeting in person or by Proxy are requested to complete the attendance slip and hand it over at the entrance of the meeting hall.

I/We hereby record my/our presence at the NINETH ANNUAL GENERAL MEETING of SHEMAROO ENTERTAINMENT LIMITED (CIN:U67190MH2005PLC158288) on Tuesday, the 05th day of August, 2014 at 11:00 A.M at the Registered Office of the Company at Shemaroo House, Plot No. 18, Marol Co-op Indl. Estate, Off Andheri Kurla Road, Andheri (E), Mumbai– 400 059

.....
Full Name of the Shareholder
(In Block Capitals)

.....
Signature

Folio No. **/DP ID No.*** **& Client ID NO.***

*Applicable for members holding shares in electronic form.

.....
Full Name of the Proxy
(In Block Capitals)

.....
Signature

NOTE: Shareholder/Proxy holder desiring to attend the meeting should bring his copy of Annual Report for reference at the meeting



